

**DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 18, 1996****9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO****The Land Commissioner's designee for this hearing will be Jami Bailey****CASE 11354: (De Novo - Continued from December 14, 1995, Commission Hearing.)**

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Nerdhlic Company, Inc., and all other interested parties to appear and show cause why the following five wells in McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug any or all of said wells, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the "blanket" cash plugging bond covering said wells and authorizing the Director of the Division to make demand upon United New Mexico Bank in Santa Fe, New Mexico to pay to the Division so much of the funds of the certificate of deposit given as collateral for said bond as is necessary to compensate the costs of plugging any or all of said wells:

- (1) **Inditos Well No. 1** (API No. 30-031-20774), located 2310' FNL & 330' FEL (Unit H) of Section 15, Township 16 North, Range 9 West;
- (2) **Bullseye Well No. 2** (API No. 30-031-20414), located 540' FSL & 1560' FWL (Unit N) of Section 18, Township 16 North, Range 9 West;
- (3) **Bullseye Well No. 9** (API No. 30-031-20576), located 330' FSL & 1650' FEL (Unit O) of Section 18, Township 16 North, Range 9 West;
- (4) **Bullseye Well No. 8** (API No. 30-031-20531), located 330' FNL & 990' FWL (Unit D) of Section 19, Township 16 North, Range 9 West; and,
- (5) **Bullseye "A" Well No. 2** (API No. 30-031-05091), located 990' FS & EL (Unit P) of Section 13, Township 16 North, Range 10 West.

Upon the application of Nerdhlic Company, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11353: (Continued from November 9, 1995, Commission Hearing.)**

In the matter of the hearing called by the Oil Conservation Division to amend Rule 303.C. of its General Rules and Regulations pertaining to downhole commingling. The proposed amendments to Rule 303.C. would provide for administrative approval of applications for types of downhole commingling currently requiring notice and hearing.

**CASE 11451:** In the matter of the hearing called by the Oil Conservation Division ("Division") to reformat its rules and regulations to comply with the New Mexico Administrative Code (NMAC), which reformatting is mandated by 14-4-7.2 NMSA 1978. The OCD rules will now be found in NMAC Title 19, Chapter 15 with the rule numbers remaining unchanged. At the same time typographical and grammatical changes will be made to the rules. No substantive changes will be made.

The following orders of more-than-specific application, along with amendments, will now become sections of the NMAC: R-111, R-3221, R-5353, R-7940, and R-8170. OCD form numbers C-134 to C-140 have been added to Rule 1100.D. Parts B, Q and P of 19 NMAC 15 are Reserved. The first 6 sections (1 through 6) of each Part (on each of 19 NMAC 15, Parts A through R) will contain the following information: Issuing Agency, Scope, Statutory Authority, Duration, Effective Date, Objective.

The effective date of the reformatting change will be February 1, 1996. Copies of the proposed reformatted OCD rules may be reviewed at the OCD offices at 2040 S. Pacheco, Santa Fe, NM 87505.

**CASE 11452:** In the matter of the hearing called by the Oil Conservation Commission ("Commission") to adopt its annual resolution setting forth reasonable notice standards for Commission public meetings, pursuant to the New Mexico Open Meetings Act, 10-15-1.D. NMSA 1978.

**Awaiting Final Commission Action – No Evidence or Testimony Will Be Taken.**

**CASE 11351:** In the matter of the hearing called by the Oil Conservation Division to amend Rule 104 of its General Rules and Regulations pertaining to unorthodox well locations and non-standard units. The proposed amendments to Rule 104 would provide for administrative approval of applications for certain unorthodox well locations and non-standard units currently requiring notice and hearing. A copy of the proposed Rule 104 is attached to this docket.

**CASES 10793, 10981, and 11004:** (Reopened - Continued from November 2, 1995, Examiner Hearing.)

In the matter of Case Nos. 10793, 10981, and 11004 being reopened pursuant to the provisions of Division Order Nos. R-9976 and R-9976-A, which orders established a "pilot infill drilling program" in the Pecos Slope-Abo Gas Pool in portions of Townships 5, 6, and 7 South, Ranges 25 and 26 East, Chaves County. **The applicant in this matter, Yates Petroleum Corporation, seeks the promulgation of special rules and regulations for the currently unprorated Pecos Slope-Abo Gas Pool**, based on the geologic and engineering data acquired from the pilot program, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the Pecos Slope-Abo Gas Pool comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.

**CASE 11448:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Rhonda Operating Co., owner/operator, American Employers' Insurance Company, surety, and all other interested parties to appear and show cause why the State 29 Well No. 2, located 1977 feet from the North line and 670 feet from the East line (Unit H) of Section 29, Township 8 South, Range 33 East, Chaves County, New Mexico (which is approximately 17 miles southeast of Kenna, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11449:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Abbott Ventures, operator, Ralph Abbott, owner, Allied Fidelity Insurance Company, surety, and all other interested parties to appear and show cause why the N.E. Hogback State NM Well No. 1 (API No. 30-045-09592), located 365 feet from the North line and 330 feet from the East line (Unit A) of Section 16, Township 30 North, Range 16 West, San Juan County, New Mexico (which is approximately 9.25 miles east by north of Shiprock, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11450:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Ralph Abbott, owner/operator, Aetna Casualty and Surety Company, surety, and all other interested parties to appear and show cause why the Palmer Well No. 1 (API No. 30-045-24691), located 1735 feet from the North line and 1695 feet from the East line (Unit G) of Section 17, Township 29 North, Range 13 West, San Juan County, New Mexico (which is approximately one mile south of the Four Corners Regional Airport in Farmington, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11399:** (Continued from November 2, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Diamond Back Petroleum Inc. and all other interested parties to appear and show cause why the following two wells located in Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug any or all of said wells, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the plugging bond, if any, covering said wells:

Margie Kay Well No. 1, located 1980 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 17 South, Range 28 East.

Margie Kay Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 7, Township 17 South, Range 28 East.