

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 21, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 1-96 and 2-96 are tentatively set for January 11, 1996 and January 25, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11435: (Continued from December 7, 1995, Examiner Hearing.)

Application of Shell Western E&P Inc. To amend Division Administrative Order DHC-1149, Lea County, New Mexico. Applicant seeks to amend Division Order DHC-1149 to allow commingled oil production from the Vacuum-Wolfcamp and Vacuum-Middle Pennsylvanian Pools not to exceed 250 barrels/day from the State "A" Well No. 10, located in Unit A of Section 31, Township 17 South, Range 35 East. Said well is located approximately 1 mile southeast of Buckeye, New Mexico.

CASE 11433: (Readvertised)

Application of Oryx Energy Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 1020 feet from the North line and 750 feet from the East line (Unit A) of Section 17, Township 22 South, Range 23 East, to the Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its current producing Bogel Flats Unit Well No. 9, located 2035 feet from the North line and 1650 feet from the East line (Unit G) to form a standard 640-acre gas spacing and proration unit. Said unit is located approximately 27 miles west of Carlsbad, New Mexico.

CASE 11434: (Continued from December 7, 1995, Examiner Hearing.)

Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, Township 31 North, Range 9 West, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line (Unit J) of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, and the allocation of the costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

CASE 11439: (Readvertised)

Application of P E D Oil Corporation for directional drilling and an unorthodox bottomhole oil well location, Chaves County, New Mexico. Applicant seeks authority to re-enter the plugged and abandoned Mescalero Federal Well No. 1 (API No. 30-005-21052), located 1980 feet from the North and West lines (Unit F) of Section 11, Township 12 South, Range 30 East, wherein the applicant proposes to kick-off from the vertical portion of the wellbore in a westerly direction, and continue drilling to a more geologically acceptable location in order to test the Devonian formation that is within a 50-foot radius of a point that is also considered to be unorthodox 1845 feet from the North line and 1131 feet from the West line (Unit E) of said Section 11. The SW/4 NW/4 of said Section 11 (located approximately 13.5 miles southwest by west of Caprock, New Mexico) is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for the Devonian formation. **IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11440: **Application of Union Oil Company of California d/b/a UNOCAL for an unorthodox gas well location, Rio Arriba County, New Mexico.** Applicant seeks approval for an unorthodox gas well location in the Blanco-Mesaverde, Basin-Dakota, and South Blanco-Pictured Cliffs Pools to be drilled 1985 feet from the North line and 822 feet from the West line (Unit E) of Section 36, Township 27 North, Range 7 West. The 320 acres comprising the W/2 of said Section 36 is to be dedicated to said well in both the Blanco-Mesaverde and Basin-Dakota Pools and the 160 acres comprising the NW/4 of said Section 36 is to be dedicated to said well for the South Blanco-Pictured Cliffs Pool. Said well location is approximately 15 miles southeast of Blanco, New Mexico.

CASE 11339: (Continued from December 7, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11436: (Continued from December 7, 1995, Examiner Hearing.)

Application of Armstrong Energy Corporation for approval of a pressure maintenance project and qualification for the Recovered Oil Tax Rate, Lea County, New Mexico. Applicant seeks approval of its Lea Pressure Maintenance Project by injection of water into the Delaware formation, through the perforated interval from approximately 5930 feet to 5970 feet in its Mobil Federal Well No. 6 PMW located 330 feet from the South line and 990 feet from the West line of Section 2, Township 20 South, Range 34 East. The Lea Pressure Maintenance Project Area shall include the following described area:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said pressure maintenance operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said area of interest is located 16 miles southeast of Maljamar, New Mexico.

CASE 11441: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order contracting and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 28: SW/4

- (b) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 17: N/2

- (c) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 3: SW/4

Section 10: NW/4

Section 33: NW/4

- (d) EXTEND the Northwest Fenton-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 1: W/2

- (e) EXTEND the South Lone Wolf-Devonian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 26: NW/4

Section 27: N/2

- (f) EXTEND the Southwest Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 36: NE/4

- (g) EXTEND the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 20: W/2

- (h) CONTRACT the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, by deleting therefrom:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 3: SW/4