

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 4, 1996**

8:15 A.M. - 2040 South Pacheco  
Santa Fe, New Mexico

Dockets Nos 12-96 and 13-96 are tentatively set for April 18, 1996 and May 2, 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 11502:** Application of Conoco, Inc. to amend Division Order No. R-10476 for an additional unorthodox gas well location, Rio Arriba County, New Mexico. Applicant seeks to amend Division Order No. R-10476, which order authorized the downhole commingling of Basin-Dakota Pool and Blanco-Mesaverde Pool gas production within 14 existing and 17 proposed wells within its San Juan 28-7 Unit located in portions of Townships 27 and 28 North, Range 7 West. The No. 159-M unit well is to be drilled at an unorthodox "infill" gas well location for both zones 1605 feet from the South line and 330 feet from the East line (Unit D) of Section 22, Township 28 North, Range 7 West. The existing 320-acre standard gas spacing and proration units for both intervals consisting of the E/2 of said Section 22, which is located approximately 24 miles southeast of Bloomfield, New Mexico, is to be dedicated to said well. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

**CASE 11491:** (Continued from March 21, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 20, Township 22 South, Range 28 East, and in the following manner: the N/2 of Section 20 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Dublin Ranch-Atoka Gas Pool; the Undesignated Dublin Ranch-Morrow Gas Pool; and the Undesignated Otis-Morrow Gas Pool; the NW/4 of Section 20 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent; and the NE/4 NW/4 of Section 20 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Indian Draw-Delaware Pool and the Undesignated Herradura Bend-Cherry Canyon Pool. Said unit is to be dedicated to applicant's Foal Fed. Well No. 1, to be drilled at an unorthodox well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 7 miles north of Loving, New Mexico.

**CASE 11503:** Application of Amoco Production Company for an exception to Division Rule 303.A to permit surface commingling, San Juan County, New Mexico. Applicant seeks an exception to Division Rule 303.A to permit the surface commingling of production from the Blanco Pictured Cliffs and Blanco Mesaverde Gas Pools from its Hutchin LS Well No. 1A located in Unit P of Section 7, Township 31 North, Range 10 West. Said well is located approximately 5 miles north-northeast of Aztec, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

**CASE 11504:** Application of Manzano Oil Corporation for pool creation and special pool rules, Chaves County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bough "C" formation, comprising the E/2 SW/4 of Section 16, Township 14 South, Range 30 East, and the promulgation of special pool rules therefor including provisions for 80-acre spacing units and special well location requirements. Said area is located approximately 24 miles east of Hagerman, New Mexico.

**CASE 11464:** (Continued from March 21, 1996, Examiner Hearing)

Application of Penwell Energy, Inc. for pool creation, special pool rules and a discovery allowable, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising the W/2 NE/4 of Section 7, Township 22 South, Range 26 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre oil spacing units and designated well location requirements. Said area is located approximately 15 miles south of Loving, New Mexico.

**CASE 11505:** Application of Penwell Energy, Inc. for an exception to the salt protection casing string requirements of Division Order No. R-111-P, Lea County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Division Order No. R-111-P in the "Oil Potash Area" from its proposed J.D. Federal 33 Well No. 1 to be drilled as a wildcat well 660 feet from the North line and 2080 feet from the East line (Unit B) of Section 33, Township 21 South, Range 33 East, to test the Morrow formation. Said well site is located approximately 24 miles west of Eunice, New Mexico.

**CASE 11495:** (Continued from March 21, 1996, Examiner Hearing.)

**Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 28 for all formations developed on 320-acre spacing, the NW/4 of Section 28 for all formations developed on 160-acre spacing, the N/2 NW/4 of Section 28 for all formations developed on 80-acre spacing and the NE/4 NW/4 of Section 28 for all formations developed on 40-acre spacing, all in Township 23 South, Range 26 East. Applicant proposes to dedicate this pooled unit to its F. H. State "28" Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 28 to test any and all formations to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 10 miles south of Carlsbad, New Mexico.

**CASE 11483:** (Continued from March 21, 1996, Examiner Hearing.)

**Application of Penwell Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to the J. D. Federal 33 Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 2080 feet from the East line in the N/2 of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 24 miles west of Eunice, New Mexico.

**CASE 11506:** **Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the W/2 of Section 32 for all formations developed on 320-acre spacing, the SW/4 of Section 32 for all formations developed on 160-acre spacing, the N/2 SW/4 of Section 32 for all formations developed on 80-acre spacing, and the NE/4 SW/4 of Section 32 for all formations developed on 40-acre spacing, all in Township 21 South, Range 26 East. Applicant proposes to dedicate this pooled unit to its Rifleman North AFQ 32 State Com Well No. 1 to be drilled at a standard location 1980 feet from the South and West lines in Unit K of said Section 32 to test any and all formations to the base of the Strawn formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 4 miles west-northwest of Carlsbad, New Mexico.

**CASE 11490:** (Continued from March 7, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Salkar, Inc., the Travelers Indemnity Company, and all other interested parties to appear and show cause why the El Cheapo Well No. 1 located in Unit F of Section 35, Township 18 South, Range 27 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

**CASE 11399:** (Continued from March 7, 1996, 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.