

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 2, 1996**

8:15 A.M. - 2040 S. Pacheco

Santa Fe, New Mexico

Dockets Nos 14-96 and 15-96 are tentatively set for May 16, 1996 and May 30, 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 11470: (Readvertised)**

**Application of Energy Development Corporation for salt water disposal and designation of a portion of the Menefee Member of the Mesaverde Formation as an "Exempted Aquifer", Sandoval County, New Mexico.** Applicant seeks authority to inject produced water into the Menefee interval through perforations from 2,438 - 2,624 feet in its existing San Isidro (Shallow) Unit Well No. 7-11, located 2074 feet from the South line and 1,650 feet from the West line (Unit K) of Section 7, Township 20 North, Range 2 West. Applicant also seeks to designate the Menefee interval underlying the W/2 E/2 and W/2 of Section 7 and the N/2 NW/4 of Section 18, Township 20 North, Range 2 West and the E/2 E/2 of Section 12, Township 20 North, Range 3 West, as an "Exempted Aquifer" pursuant to Division Rule No. 701.E. and applicable Federal Underground Injection Control Program Rules and Regulations, as contained within the Code of Federal Regulations, 40 CFR Parts 145 and 146, thereby enabling the injection of produced water, for purpose of disposal, into said interval. Said area is located approximately 8 miles southwest of Cuba, New Mexico.

**CASE 11520:** **Application of Mewbourne Oil Company to increase injection pressure, Lea County, New Mexico.** Pursuant to the terms of Division Order No. R-9737-A, applicant seeks to increase, from 2000 psi to 2320 psi, the surface injection pressure in fourteen injection wells within its Querecho Plains Bone Spring Sand Waterflood Project, located in Township 18 South, Range 32 East. Said project is located approximately 8 miles south of Maljamar, New Mexico.

**CASE 11521:** **Application of Nearburg Exploration Company 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 4, Township 18 South, Range 28 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Illinois Camp-Morrow Gas Pool. Said unit is to be dedicated to its Hummer State "4" Com Well No. 1 to be drilled and completed at a standard well location in Unit B of said Section 4. 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 risk involved in drilling said well. Said area is located approximately 14 miles east-southeast of Artesia, New Mexico.

**CASE 11522:** **Application of Phillips Petroleum Company for approval of a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its proposed State-35 Unit for a tertiary recovery project for an area comprising 560 acres, more or less, of state lands consisting of portions of Section 35, Township 17 South, Range 34 East. Said unit is located approximately 2 miles southwest of Buckeye, New Mexico.

**CASE 11523:** **Application of Phillips Petroleum Company for approval of a pressure maintenance project, to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, and for 3 unorthodox well locations, Lea County, New Mexico.** Applicant seeks approval to institute a tertiary recovery project in its proposed State-35 Unit Pressure Maintenance Project by the injection of water and carbon dioxide ("CO<sub>2</sub>") into the Grayburg and San Andres formations in the Vacuum Grayburg-San Andres Pool, encompassing 560 acres of State lands comprising portions of Section 35, Township 17 South, Range 34 East, including the drilling of three producing oil wells at unorthodox well locations within said Section 35. Applicant further seeks to qualify this expansion area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 2 miles southwest of Buckeye, New Mexico.

**CASE 11512: (Continued from April 18, 1996, Examiner Hearing.)**

**Application of Marathon Oil Company, Kerr-McGee Corporation and Santa Fe Energy Resources Inc. to terminate gas prorationing, to infill drill and to amend the special pool rules and regulations for the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico.** Applicants seek the termination of gas prorationing in the Indian Basin-Morrow Gas Pool including the cancellation of all accumulated over and under production. Applicants also seek the promulgation for said pool of a special pool rule authorizing infill drilling of a second well on a standard 640-acre spacing unit. In addition, applicants seek to amend Rule 4 of the current special pool rules for this pool to provide for standard well locations not closer than 660 feet to the outer boundary of a spacing unit. Said pool is located in portions of Township 21 South, Range 23 East and Township 21 South, Range 24 East, the center of which is located approximately 18.5 miles west of Carlsbad, New Mexico.

**CASE 11493: (Readvertised)**

**Application of Bonneville Fuels Corporation for pool contraction, pool creation, and special pool rules, Lea County, New Mexico.** Applicant, seeks contraction of the S/2 and NW/4 of Section 14 and the W/2 SW/4 of Section 13, Township 17 South, Range 37 East, from the South Humble City-Strawn Pool and the creation of a new pool for the production of oil from the Strawn formation to be comprised of this acreage and the promulgation of special pool rules therefor including provisions for 80-acre spacing units, a special depth bracket allowable provision, and a limiting gas-oil ratio for the pool of 8000 cubic feet of gas for each barrel of oil produced. Said area is located approximately 8.5 miles northwest of Hobbs, New Mexico.

**CASE 11524: Application of ARCO Permian, a unit of Atlantic Richfield, for compulsory pooling and unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the W/2 of Section 23, Township 17 South, Range 28 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to its Dinah 23 Federal Com Well No. 1 to be drilled at an unorthodox location 1077 feet from the South line and 660 feet from the West line of said Section 23, to a depth sufficient to test the Morrow formation, South Empire-Morrow Gas Pool. 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 13 miles east-southeast of Artesia, New Mexico.

**CASE 11525: Application of Yates Petroleum Corporation for amendment of the Special Pool Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool and for the cancellation of overproduction, Eddy County, New Mexico.** Applicant seeks amendment of the Special Pool Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool located in portions of Townships 19 and 20 South, Ranges 24 and 25 East, to provide for a special depth bracket allowable of 4000 barrels of oil per day for each 160-acre proration unit. Applicant also seeks the cancellation of all overproduction in the pool on the date the requested depth bracket allowable becomes effective. This pool is located approximately 18 miles south-southwest of Artesia, New Mexico.

**CASE 11526: Application of Yates Petroleum Corporation for amendment of the Special Pool Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Pool and for the cancellation of overproduction, Eddy County, New Mexico.** Applicant seeks amendment of the Special Pool Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Pool located in portions of Townships 20 and 21 South, Ranges 23 and 24 East, to provide for a special depth bracket allowable of 8000 barrels of oil per day for each 320-acre proration unit. Applicant also seeks the cancellation of all overproduction in the pool on the date the requested depth bracket allowable becomes effective. This pool is located approximately 19 miles south-southwest of Artesia, New Mexico.

**CASE 11527: Application of Texaco Exploration and Production Inc. for an unorthodox oil well location for a lease line production well and simultaneous dedication, Lea County, New Mexico.** Applicant seeks approval to drill its proposed Vacuum-Grayburg San Andres Well No. 159 as a lease line production well at an unorthodox location 572 feet from the North line and 78 feet from the East line (Unit A) of Section 1, Township 18 South, Range 34 East, to be dedicated to a standard 40-acre spacing unit consisting of the NE/4 NE/4 of said Section 1 in the Vacuum-Grayburg San Andres Pool. Said well is to be simultaneously dedicated with the existing Vacuum Grayburg San Andres Unit Wells 50, 58, 122, and 158. Said unit is located approximately 2 miles south of Buckeye, New Mexico.

**CASE 11514: (Continued from April 18, 1996, Examiner Hearing.)**

**Application of Read & Stevens, Inc. for an unorthodox infill gas well location and simultaneous dedication, Chaves County, New Mexico.** Applicant seeks approval of an unorthodox infill gas well location in the Buffalo Valley-Pennsylvanian (Prorated) Gas Pool for a well to be drilled 990 feet from the South line and 1980 feet from the West line (Unit O) of Section 26, Township 15 South, Range 27 East. Said well is to be simultaneous dedicated with the existing Harris Federal Well No. 4, located at a standard gas well location in Unit "P" of said Section 26, to a standard 320-acre gas spacing and proration unit comprising the S/2 of said Section 26. Said unit is located approximately 9.5 miles southeast of Lake Arthur, New Mexico.

**CASE 11475: (Readvertised)**

**Application of Texaco Exploration and Production Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23 for all formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23 for all formations developed on 80-acre spacing and in the NW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing in Township 26 South, Range 37 East. Said unit is to be dedicated to its Rhodes "23" Fed. Com Well No. 1 to be drilled at a standard location in the NW/4 SW/4 of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. 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 risk involved in drilling said well. Said area is located approximately 5 miles south-southwest of Jal, New Mexico.