

DOCKET: EXAMINER HEARING - THURSDAY - MAY 30, 1996

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

Santa Fe, New Mexico

Dockets Nos 16-96 and 17-96 are tentatively set for June 13, 1996 and June 27, 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 10950: (Reopened)

In the matter of Case 10950 being reopened pursuant to the provisions of Division Order No. R-5353-N, which order reclassified the Cline-Tubb Pool in Lea County, New Mexico, as the Cline-Tubb Associated Pool and promulgated temporary special pool rules therefor. Operators in the subject pool may appear and show cause why the Temporary Special Rules and Regulations for the Cline-Tubb Associated Pool should not be rescinded and the pool reclassified as an oil pool to be governed by statewide rules. Said pool is located approximately 9 miles south-southeast of Eunice, New Mexico.

CASE 11538: Application of Yates Petroleum Corporation for surface commingling, Eddy and Lea Counties, New Mexico. Applicant seeks an exception to Division General Rule Nos. 303.A and 309.A. to permit surface commingling of Delaware and Morrow gas production from approximately forty-one wells located within the Livingston Ridge Area, located in Townships 21 and 22 South, Ranges 31 and 32 East. Applicant further seeks authority to allocate gas production to individual wells utilizing gas allocation meters and/or central delivery point meters located upstream of a central GPM gas sales meter located in the SW/4 NW/4 of Section 6, Township 22 South, Range 32 East. Said area is located approximately 8 miles south of the intersection on Highways 176 and 180, New Mexico.

CASE 11539: Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks approval to drill its Mimosa AHS Federal Well No. 3 at an unorthodox location 660 feet from the South line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East. The S/2 of said Section 4 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Upper Pennsylvanian (Canyon) and Morrow formations. Said unit is located approximately 14 miles south-southeast of Hope, New Mexico.

CASE 11524: (Continued from May 16, 1996, Examiner Hearing.)

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 11540: Application of Enron Oil & Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 5000 feet to the base of the Morrow formation underlying the S/2 of Section 5, Township 18 South, Range 28 East in the following described manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing; the S/2 SE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing; and the SW/4 SE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its Empire 5 State Com Well No. 1 to be drilled at a standard location 807 feet from the South line and 1992 feet from the East line of said Section 5. 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 unit is located approximately 11 miles southwest of Artesia, New Mexico.

CASE 11534: (Continued from May 16, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CASE 11541: **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 26, Township 19 South, Range 28 East, and in the following manner: the N/2 of Section 26 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 South Millman-Atoka Gas Pool, the Undesignated Winchester-Morrow Gas Pool, the Undesignated Winchester-Upper Pennsylvanian Gas Pool, and the Undesignated Winchester Strawn Gas Pool; the NW/4 of Section 26 to form a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing within said vertical extent, including the Undesignated Winchester-Wolfcamp Gas Pool; the E/2 NW/4 of Section 26 for all pools and/or formations developed on 80-acre spacing within said vertical extent, including the Undesignated Old Millman Ranch-Bone Spring (Associated) Pool; and the NE/4 NW/4 of Section 26 to form a standard 40-acre oil spacing and proration unit for any and all pools and/or formations developed on 40-acre spacing within said vertical extent, including the Undesignated Outpost-Delaware Pool, the Undesignated East Millman Queen-Grayburg-San Andres Pool, the Undesignated Scanlon Draw-Queen Pool, and the Undesignated Winchester-Bone Spring Pool. Said units are to be dedicated to Applicant's Fort Sedgewick "26" St. Com. Well No. 1, to be drilled at an orthodox well location 660 feet from the North line and 1980 feet from the West line (Unit C) of the section. 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 unit is located approximately 14 miles southeast of Artesia, New Mexico.

CASE 11542: **Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling certain mineral interests in the Blanco Mesaverde Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (the E/2 equivalent) of Section 23, Township 31 North, Range 9 West, forming a 313.63-acre gas spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is an "Infill Blanco-Mesaverde Well" to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line 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, the allocation of those costs and income therefrom 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 11543: **Application of Penroc Oil Corporation for approval of a cooperative leasehold waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval to institute a secondary recovery project in its Harris-State AD Cooperative Leasehold Waterflood Project by the injection of water into the San Andres formations in the Mescalero-San Andres Pool, encompassing 480 acres of State lands comprising portions of Sections 22 and 23, Township 10 South, Range 32 East. 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 24 miles northwest of Tatum, New Mexico.

CASE 11448: (Continued from May 2, 1996, Examiner Hearing.)

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 1997 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 11475: (Readvertised - Continued from May 16, 1996, Examiner Hearing.)

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.