

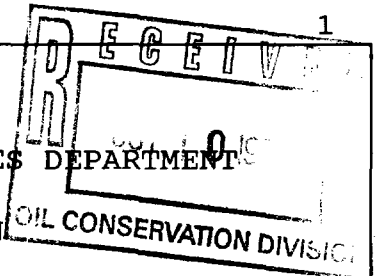
NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date SEPTEMBER 26, 1996 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Carl Brown	Fasken oil and Ranch, Ltd.	Midland, TX
Tanya Trujillo	Compell. Corp, Berger	Santa Fe
David H. Brown	^{Sheridan} Fasken Oil & Ranch, Ltd.	Midland, TX
W. Kellahin	Kellahin & Kellahin	Santa Fe
Mark D. Burt	Deva Ann Macdon	Ventura, CALIF
George R. Thompson	Deva & Irene MARTEN	Ventura, CALIF
Mike Brown	Marzano Oil	Roswell, NM
James Bruce	Hiale Law Firm	SF
Larry Hunnicutt	Sun Valley Energy	Roswell, NM
Jac Abramson	Marzano Oil Co.	Midland, TX

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
APPLICATION OF TEXACO EXPLORATION AND)
PRODUCTION, INC., FOR AN UNORTHODOX GAS)
WELL LOCATION, LEA COUNTY, NEW MEXICO)

CASE NO. 11,610

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

September 26th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, September 26th, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

September 26th, 1996
Examiner Hearing
CASE NO. 11,610

PAGE

REPORTER'S CERTIFICATE

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 8:15 a.m.:

3 EXAMINER CATANACH: At this time we'll call Case
4 11,610.

5 MR. CARROLL: Application of Texaco Exploration
6 and Production, Inc., for an unorthodox gas well location,
7 Lea County, New Mexico.

8 EXAMINER CATANACH: This case is styled such that
9 in the absence of objection it will be taken under
10 advisement.

11 I will call for appearances at this time.

12 There being no appearances, Case 11,610 will be
13 taken under advisement.

14 (Thereupon, these proceedings were concluded at
15 8:16 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiners hearing of Case No. 11610,
heard by me on Sept 26 1986.

Daniel R. Catanach, Examiner
Oil Conservation Division

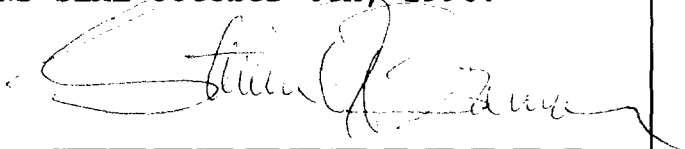
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter
and Notary Public, HEREBY CERTIFY that the foregoing
transcript of proceedings before the Oil Conservation
Division was reported by me; that I transcribed my notes;
and that the foregoing is a true and accurate record of the
proceedings.

I FURTHER CERTIFY that I am not a relative or
employee of any of the parties or attorneys involved in
this matter and that I have no personal interest in the
final disposition of this matter.

WITNESS MY HAND AND SEAL October 4th, 1996.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 26, 1996

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

The following cases will be heard by an Examiner:

CASE 11609: Application of Shell Western E & P Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks authority to deepen its State "A" Well No. 10 (API No. 30-025-32844), located at a previously approved unorthodox oil well location for the Undesignated Vacuum-Upper Pennsylvanian Pool, Vacuum-Wolfcamp Pool, and North Vacuum-Abo Pool (see Division Administrative Order NSL-3516, dated April 16, 1995) 940 feet from the North and East lines (Unit A) of Section 31, Township 17 South, Range 35 East, in order to test the Morrow formation for gas production at an unorthodox gas well location within a standard 320-acre gas spacing and proration unit to comprise the E/2 of said Section 31. Said unit is located approximately 1 mile southeast of Buckeye, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11610: Application of Texaco Exploration and Production, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location in the Skaggs-Abo Gas Pool for its existing C. H. Weir "B" Well No. 10 (API No. 30-025-30317), located 1790 feet from the South line and 410 feet from the East line (Unit I) of Section 11, Township 20 South, Range 37 East, to be recompleted from the Skaggs-Drinkard Pool. The SE/4 of said Section 11 is to be dedicated to said well to form a standard 160-acre spacing and proration unit for the Skaggs-Abo Gas Pool. Said unit is located approximately 4 miles southeast of Monument, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11611: Application of Pogo Production Company for an exception to the salt protection casing string requirements of Division Order No. R-111-P, Eddy 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 Amax "24" Federal Well No. 13 to be drilled at a standard oil well location 990 feet from the South line and 330 feet from the West line (Unit M) of Section 24, Township 23 South, Range 31 East, to test the Ingle Wells-Delaware Pool. Said well site is located approximately 3 miles south of State Highway 128 at Mile Marker No. 18.

CASE 11612: Application of Fasken Oil and Ranch, Ltd. for creation of a new oil pool with special rules, Lea County, New Mexico. Applicant seeks an order creating a new oil pool to be designated the Mustang-Devonian Pool for production from the Devonian formation with the promulgation of special pool rules and regulations for the pool including 80-acre oil spacing and proration units and the assignment of a discovery allowable for the discovery well being its Grande Well No. 1 located 990 feet from the South line and 768 feet from the West line (Unit M) of Section 3, Township 13 South, Range 38 East, with the W/2 SW/4 of said Section 3 to be dedicated to the subject well. Said pool is located approximately 13 miles east of Tatum, New Mexico.

CASE 11613: Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank-Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal Well No. 1 which is to be drilled at a standard well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing said well and the allocation of those costs 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 13 1/2 miles southeast of the intersection of State Highway 176 and U.S. Highway 180, Lea County, New Mexico.

CASE 11542: (Continued from September 5, 1996, 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 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 11614: Application of InterCoast Oil and Gas Company for approval of a unit agreement and an unorthodox well location, Lea County, New Mexico. Applicant seeks approval of the McMillan Exploratory Unit Agreement for an area comprising 160 acres of fee lands in Section 34 of Township 14 South, Range 38 East. Applicant also seeks approval of an unorthodox oil well location for its McMillan 34-2 Well to be drilled 1275 feet from the North line and 2600 feet from the East line (Unit B) of said Section 34 with the NW/4 NE/4 of Section 34 to be dedicated to the well, which is located approximately 1 ½ miles southwest of the Intersection of US Highway 82 with the Texas state line.

CASE 11615: Application of Thornton Operating Corporation for pool contraction, pool creation, special pool rules, non-standard spacing or proration unit, directional drilling and an unorthodox well location, Chaves County, New Mexico. Applicant seeks the contraction of the South Lone Wolf-Devonian Pool to exclude the NW/4 of Section 26 and the NE/4 of Section 27, Township 13 South, Range 29 East; the creation of a new pool for the production from the Devonian formation underlying the SW/4 SW/4 of Section 23 and the NW/4 NW/4 of Section 26, Township 13 South, Range 29 East, for the promulgation of special rules and regulations therefor including 80-acre gas spacing units and designated well location requirements, a non-standard oil proration unit comprised of the SW/4 SW/4 of said Section 23 and the NW/4 NW/4 of said Section 26, reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line of said Section 26 and approval of an unorthodox bottomhole location for this well in the Devonian formation within 100 feet of a point 148 feet from the South line and 177 feet from the West line of said Section 23. The proposed pool boundary is located approximately 18 miles east of Hagerman, New Mexico.

CASE 11616: Application of Manzano Oil Corporation for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the SW/4 NE/4 of Section 11, Township 16 South, Range 36 East, for all formations developed on 40-acre spacing. Said unit is to be dedicated to its Double Eagle Well No. 1 to be drilled at an unorthodox location 1500 feet from the North line and 2250 feet from the East line (Unit G) of said Section 11. Also to be considered will be the costs of drilling and completing said well and the allocation of those costs 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 well is located approximately 1 mile southeast of Lovington, New Mexico.

CASE 11617: Application of Manzano Oil Corporation to amend Division Order No. R-10602 by compulsory pooling additional acreage, for an unorthodox oil well location, and for the creation of two new pools and the promulgation of special pool rules therefor, Lea County, New Mexico. Applicant seeks the creation of two new oil pools for the production of oil from the Wolfcamp and Strawn formations, both pools to comprise the N/2 SW/4 of Section 11, Township 16 South, Range 36 East, and the promulgation of special rules and regulations therefor including provisions for 80-acre spacing and proration units and designated well location requirements. The applicant further seeks to amend Division Order No. R-10602, dated May 23, 1996 to include provisions compulsory pooling all mineral interests in both the Wolfcamp and Strawn formations underlying the N/2 SW/4 of said Section 11 thereby forming a standard 80-acre oil spacing and proration unit within both intervals, provided the aforementioned pool creations and special pool rules are adopted. Both units are to be dedicated to its "SV" Chipshot Well No. 1 (API No. 30-025-33466), located at an unorthodox oil well location for both zones 2164 feet from the South line and 1362 feet from the West line (Unit K) of said Section 11. Said well is located approximately one mile southeast of Lovington, New Mexico.

CASE 11606: (Continued from September 5, 1996, Examiner Hearing.)

Application of Naumann Oil & Gas, 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 S/2 of Section 33, Township 17 South, Range 30 East, in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate said pooled unit to a well to be drilled at a standard location thereon. 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 2 miles southwest of Loco Hills, New Mexico.