

DOCKET NO. 578

**DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 26, 1998**  
**9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO**  
The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

**NOTICE**

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The Oil Conservation Commission will adopt its annual resolution setting forth reasonable notice standards for Commission public meetings, pursuant to the New Mexico Open Meetings Act, 10-15-1.D. NMSA 1978.

The Oil Conservation Commission may vote to close the open meeting to deliberate the Read & Stevens, Inc. et. al. v. Oil Conservation Commission, et al. case that was remanded to the Commission by the Honorable William P. Lynch. Any final action taken as a result of such deliberations on the case will be taken in open meeting.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo case heard at this hearing.

The appointment of a hearing officer to hear preliminary matters before the Commission will be made.

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**CASE 11931:** The Oil Conservation Division is calling a hearing to consider proposed April, 1998 - September, 1998 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated February 6, 1998. If requests for changes are not received at the February 26, 1998 hearing, these factors will be used to assign allowables for the April - September period.

**CASE 11705:** (Continued from September 25, 1997, Commission Hearing)

**Proposed amendments may be viewed on the net.**

**Application of the Oil Conservation Division to amend Order R-8170, as amended, "General Rules for the Prorated Pools of New Mexico."** Applicant seeks to amend Order No. R-8170, as amended, to simplify the testing and proration rules as applied to the prorated pools of Northwest New Mexico.

**CASE 11579:** (De Novo - Continued from December 11, 1997, Commission Hearing.)

**Application of Pogo Producing Company for a pressure maintenance project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool within its federal oil and gas lease (No. NM-86149) comprising the W/2 of Section 26, Township 22 South, Range 32 East, by the injection of natural gas through the perforated interval from approximately 8,399 feet to 8,471 feet into its existing Red Tank "26" Federal Well No. 1 located 1880 feet from the South and West lines (Unit K) of said Section 26. Said project area is located approximately 29 miles west by south of Eunice, New Mexico. Upon application of Pogo Producing Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11844:** (De Novo - Continued from December 11, 1997, Commission Hearing.)

**Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks approval to drill its proposed Gandy "19" Well No. 1 at an unorthodox oil well location 2523 feet from the North line and 2370 feet from the East line (Unit G) of Section 19, Township 16 South, Range 36 East, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4 NE/4 of said Section 19. Said location is located approximately 3 ½ miles southwest of Lovington, New Mexico. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11807:** (De Novo)

**Application of Stevens & Tull, Inc. for salt water disposal, Lea County, New Mexico.** Applicant seeks authority to dispose of water produced from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation of the West Teas Yates-Seven Rivers Pool in the interval from 2989 feet to 3212 feet in its State "BF" Well No. 4 located 330 feet from the North and East lines (Unit A) Section 16, Township 20 South Range 33 East. In addition, applicant seeks approval of a surface injection pressure of 1,000 psi and an administrative procedure for obtaining further increases in said limitation. Said well is located approximately 3 ½ miles northeast of the intersection of US Highway 180 and New Mexico Highway 176 in New Mexico. Upon application of Stevens & Tull, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11894:** (De Novo)

**Application of Chesapeake Operating Inc. for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks approval to drill its Salbar "16" Well No. 1 at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 1, Township 16 South, Range 36 East (located approximately 1.5 miles southwest of the intersection of U.S. Highway 82 and New Mexico State Highway No. 18) 2456 feet from the North line and 1028 feet from the West line (Unit E) of said Section 16 for all formations and/or pools developed on statewide 40-acre spacing which presently includes, but is not necessarily limited to the Undesignated Diamond-Strawn Pool and Undesignated West Lovington-Pennsylvanian Pool. Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11838:** (De Novo - Continued from December 11, 1997, Commission Hearing.)

**Application of Premier Oil & Gas, Inc. to have a wellbore of its included in the Avalon (Delaware) Unit operated by Exxon Company USA, Eddy County, New Mexico.** Applicant seeks to include its FV-1 Well located 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 25, Township 20 South, Range 27 East, as a unit wellbore in the Avalon (Delaware) Unit, including but not limited to amending Exhibit H of the Unit Operating Agreement to include said wellbore and to qualify said wellbore a useable wellbore committed to its Avalon (Delaware) Unit prior to October 1, 1997. Said unit is located approximately 7 miles southeast of Lakewood, New Mexico. Upon application of Premier Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**THIS HEARING WILL BE LIMITED TO ARGUMENTS REGARDING DISMISSAL OF THIS CASE AT THE DIVISION LEVEL.**

**CASE 11808:** (De Novo - Continued from December 11, 1997, Commission Hearing.)

**Application of Burlington Resources Oil & Gas Company for compulsory pooling and a non-standard gas proration and spacing unit, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests, including working interests, royalty interests and overriding royalty interests, below the base of the Dakota formation (base of the Cretaceous aged formation) to the top of the Pre-Cambrian aged formation underlying all of Irregular Section 9, Township 31 North, Range 10 West, forming a non-standard 636.01-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Said unit is to be dedicated to its Scott Well No. 24 to be drilled at a standard gas well location 1535 feet from the North line and 2500 feet from the West line (Unit F) of said Section 9. 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 well is located approximately 2 1/2 miles southeast of Cedar Hills, New Mexico. Upon the application of Total Minatone Corporation, Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983 *et al.*, and Lee Wayne Moore and Joann Montgomery Moore, Trustees, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11809:** (De Novo - Continued from December 11, 1997, Commission Hearing.)

**Application of Burlington Resources Oil & Gas Company for compulsory pooling, an unorthodox gas well location and a non-standard proration unit, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral owners, including working interests, royalty interests and overriding royalty interests below the base of the Dakota formation (base of the Cretaceous aged formation) to the top of the Pre-Cambrian aged formation underlying all of Irregular Section 8, Township 31 North, Range 10 West, forming a non-standard 639.78-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Said unit is to be dedicated to its Marcotte Well No. 2 to be drilled at an unorthodox gas well location 1540 feet from the South line and 935 feet from the East line (Unit I) of said Section 8. 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 well is located approximately 2 1/2 miles southeast of Cedar Hills, New Mexico. Upon the applications of Total Minatome Corporation, Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983 *et al.*, Lee Wayne Moore and Joann Montgomery Moore, Trustees, and Bert Harris, this case will be heard De Novo pursuant to the provisions of Rule 1220.