

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 15, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 13-99 and 14-99 are tentatively set for April 25, and May 13, 1999. 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 12159:** **Application of Robert L. Bayless for downhole commingling, San Juan County, New Mexico.** Applicant seeks authority to downhole commingle Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pool production within its Juhon Well No. 1 located 1650 feet from the North line and 1800 feet from the East line (Unit G) of Section 29, Township 30 North, Range 12 West. This well is located approximately 5 miles northeast of Farmington, New Mexico.

**CASE 12161:** **Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico.** Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, an exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

## A. State of Arizona

Township 12 North, Range 29 East, G.&S.R.M.

Section 24

Township 12 North, Range 30 East, G.&S.R.M.

Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35

Township 12 North, Range 31 East, G.&S.R.M.

Sections: 18-21, 27-31, 33, and 34

Township 10 North, Range 31 East, G.&S.R.M.

Sections: 3 and 10

Township 9 North, Range 31 East, G.&S.R.M.

Sections: 3, 10, 15, 22, and 27

## B. State of New Mexico

Township 2 North, Range 20 West, NMPM

Sections: 30, 31, and 32

Township 2 North, Range 21 West, NMPM

Sections: 9, 14-16, 21-28, and 33-36

Township 1 North, Range 20 West, NMPM

Sections: 4-9, 16-21, 26, 27, and 28-35

Township 1 North, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 1 South, Range 20 West, NMPM

Sections: 2-10, 16-21, and 28-33

Township 1 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 2 South, Range 20 West, NMPM

Sections: 5-6, 18, and 19

Township 2 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 3 South, Range 21 West, NMPM

Sections: 3 and 4

The unit area is centered approximately where US Highway 60 intersects the Arizona - New Mexico state line.

**CASE 12157:** **Continued from April 1, 1999, Examiner Hearing.**

**Application of Chi Energy, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 19, Township 20 South, Range 34 East, to form a standard 320-acre spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to the Greenstone Fed. Com. Well No. 1, located at an unorthodox surface/bottomhole location 480 feet from the South line and 1650 feet from the East line (Unit O), or in the alternative, directionally drilled from the above surface location to an unorthodox gas well bottomhole location 760 feet from the South line and 1650 feet from the East line (Unit O). Also to be considered will be the cost of drilling and completing this 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 and completing the well. This unit is located approximately 20 miles west-southwest of Monument, New Mexico.

**CASE 12158:** Continued from April 1, 1999, Examiner Hearing

**Application of Chi Energy, Inc. for an unorthodox gas well location or in the alternative for non-standard subsurface gas well location/producing area, Lea County, New Mexico.** Applicant seeks approval to drill its Greenstone Federal Com. Well No. 1 as a straight hole from an unorthodox gas well location 480 feet from the South line and 1650 feet from the East line (Unit O) of Section 19, Township 20 South, Range 34 East, in order to test either the Undesignated West Lynch-Morrow Gas Pool or the Undesignated Quail Ridge-Morrow Gas Pool underlying the E/2 of Section 19, being a standard 320-acre gas spacing and proration unit. IN THE ALTERNATIVE, the applicant, in accordance with Division Rules 104.F and 111(C)2, seeks approval for a non-standard subsurface gas well location/producing area to be applicable to either the Undesignated West Lynch-Morrow Gas Pool or the Undesignated Quail Ridge-Morrow Gas Pool, for its proposed Greenstone Federal Com. Well No. 1 to be drilled from the above-described surface location to a proposed bottomhole location that is to be no closer than 760 feet to the South line of Section 19 nor closer than 990 feet to the western boundary of the proposed 320-acre unit. The E/2 of Section 19 is located approximately eight miles east of the junction of U.S. Highway 62/180 and State Highway No. 176.

**CASE 12131:** Continued from March 4, 1999, Examiner Hearing.

**Application of Santa Fe Energy Resources, Inc. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to drill its Rio Blanco Federal Com. Well No. 2 at an unorthodox Morrow gas well location 660 feet from the South and West lines (Unit M) of Section 4, Township 23 South, Range 34 East, located approximately four miles west-northwest of the San Simon Sink. The S/2 of Section 4 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in either the Undesignated North Bell Lake-Morrow Gas Pool or Undesignated Antelope Ridge-Morrow Gas Pool.

**CASE 12120:** Continued from March 18, 1999, Examiner Hearing.

**Application of Universal Resources Corporation for surface commingling, Rio Arriba and San Juan Counties, New Mexico.** Applicant seeks an exception to Division Rules 303-A and 309-A to permit surface commingling of Alamito-Gallup and Lybrook-Gallup Pool production from the following Federal Leases NMNM6682, NMNM6681, NMNM16586, NMNM58878, NMNM10087, NMNM048989A, and State Lease: 00016172 and 00016174, covering parts of Sections 21, 22, 23, 27, 28, 31, 32, 34, Township 23 North, Range 7 West, NMPM, San Juan County, New Mexico; Section 2, Township 22 North, Range 8 West, and Section 36, Township 23 North, Range 8 West, Rio Arriba County, New Mexico. These leases are located approximately 50 miles southeast of Farmington, New Mexico.

**CASE 12162:** **Application of Marathon Oil Company to amend Order No. R-11112 to adopt an administrative procedure for adding and subtracting existing and future wells to the previously approved Buchanan tank battery within the Buchanan Centralized Facility, Eddy County, New Mexico.** Applicant seeks the amendment of Order No. R-11112 to permit surface commingling, off-lease measurement and storage of North Illinois Camp-Morrow Gas, Illinois Camp-Morrow Gas, North Turkey Track-Morrow Gas, Travis-Wolfcamp Gas, and Travis Upper Pennsylvanian Gas Pool production from its Walker "33" State Lease in the W/2 of Section 33, Township 18 South, Range 28 East with previously approved leases which shall be stored and measured at its centralized facility located in Unit I, Section 33, Township 18 South, Range 28 East. Applicant also seeks the adoption of an administrative procedure to add and subtract existing and future wells to this facility without the requirement of notice and hearing. This facility is located approximately 18 miles northeast of Carlsbad, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

**CASE 12135:** Continued from March 18, 1999, Examiner Hearing.

**Application of Marathon Oil Company for surface commingling, off-lease measurement and storage, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309-A and Rule 303-A and the amendment of Division Administrative Order PLC-140 to permit surface commingling, off-lease measurement and storage of Indian Basin Upper Pennsylvanian Gas Pool and Indian Basin-Upper Pennsylvanian Associated Pool production from its Indian Basin "32" State Lease in Section 32 with its Indian Hills Unit covering parts of Sections 20, 21, 28, 29 and 33, all in Township 21 South, Range 24 East which shall be stored and measured at its centralized facility located in Unit P, Section 19, Township 21 South, Range 24 East. This facility is located approximately 18 miles east of Carlsbad, New Mexico.

**CASE 12154:** Continued from April 1, 1999, Examiner Hearing.

**Application of Texaco Exploration & Production, Inc. for Certification of a Positive Production Response within the Cooper Jal Unit Area, Lea County, New Mexico.** Applicant seeks certification by the Division that a positive production response to secondary recovery waterflood operations has occurred within its Cooper Jal Jalmat and Cooper Jal Langmat Waterflood Projects, both located within the Cooper Jal Unit Area in portions of Township 24 South, Ranges 36 and 37 East. These projects were certified by the Division to be qualified Enhanced Oil Recovery Projects by Order No. R-9983 dated October 6, 1993. These projects are located approximately 6 miles northwest of Jal, New Mexico.

**CASE 12133:** Continued from March 4, 1999, Examiner Hearing.

**Application of Saga Petroleum L.L.C. for approval of a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the Crossroads Siluro-Devonian Unit for an area comprising 800 acres of fee lands in Sections 27 and 34 of Township 9 South, Range 36 East, which is located approximately 6 miles east of Crossroads, New Mexico.

**CASE 12163:** **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 1 mile north of U.S. Highway 62-180 at mile marker No. 77.

**CASE 12164:** **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE 4 SE 4 (Unit I) of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 1.25 miles north of U.S. Highway 62-180 at mile marker No. 77.

**CASE 12165:** **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 1.25 miles north of U.S. Highway 62-180 at mile marker No. 77.

**CASE 12153:** Continued from April 1, 1999, Examiner Hearing.

**Application of ARCO Permian for Certification of a Positive Production Response within the South Justis Unit Waterflood Project, Lea County, New Mexico.** Applicant seeks certification by the Division that a positive production response to secondary recovery waterflood operations has occurred within Phases IIA, IIB and IIC of its South Justis Unit Waterflood Project, located in portions of Townships 25 and 26 South, Ranges 37 and 38 East. This project was certified January 5, 1994 by the Division to be a qualified Enhanced Oil Recovery Project by Order No. R-9747. This project is located approximately 4 miles east of Jal, New Mexico.

**CASE 12166:** **Application of Energen Resources Corporation for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the W/2 of Section 19, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 4 which is to be located in Unit E of Section 19. Applicant also seeks approval to dedicate the pooled units to its Carbon No. 4-M infill well to be drilled at an orthodox infill location in Unit L of Section 19, following the completion of the Carson Well No. 4. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.

**CASE 12167:** **Application of Energen Resources Corporation for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the E/2 of Section 30, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 5 which is to be drilled at an unorthodox well location in Unit B of Section 30. Applicant also seeks approval to dedicate the pooled units to its Carson No. 5-M infill well to be drilled at an orthodox infill location in Unit P of Section 30, following the completion of the Carson Well No. 5. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.

**CASE 12168:** **Application of Energen Resources Corporation for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the W/2 of Section 29, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 6 which is to be drilled at an unorthodox well location in Unit M of Section 29. Applicant also seeks approval to dedicate these pooled units to its Carson No. 6-M infill well to be drilled at an orthodox infill location in Unit C of Section 29, following the completion of the Carson Well No. 6. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.