

Dockets Nos. 17-77 and 18-77 are tentatively set for hearing on May 25 and June 8, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - MAY 5, 1977

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5912: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the establishment of categories of plugging bonds, including blanket bonds not exceeding \$50,000, and one-well bonds in amounts determined sufficient to reasonably pay the cost of plugging the wells covered by each bond. Also to be considered will be the exclusion from future bond forms of provisions conditioning performance on recompense for damages to livestock, range, water, crops or tangible improvements. Also to be considered will be the amendment of Rule 101 of Commission Rules and Regulations concerning the above provisions.

Docket No. 16-77

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 11, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for June, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for June, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5913: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kent Shannon, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells in Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Hi Lonesome Well No. 1, located in Unit D of Section 32, Township 8 South, Range 27 East;
El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and
Karma Well No. 1, located in Unit O of Section 16, Township 10 South, Range 27 East.

CASE 5914: Application of Atlantic Richfield Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Wimberly WN Well No. 11, to be located 990 feet from the North line and 1490 feet from the West line of Section 24, Township 25 South, Range 37 East, Justis-Fusselman Pool, Lea County, New Mexico.

CASE 5915: Application of C. W. Trainer for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Boyd Well No. 1, the surface location of which would be 830 feet from the South line and 2130 feet from the West line of Section 13, Township 20 South, Range 32 East, Lea County, New Mexico. Applicant proposes to vertically drill said well to a depth of from 5100 feet to 7900 feet and to then directionally drill in a southerly direction, bottoming said well in the Morrow formation at a true vertical depth of approximately 13,500 feet within 200 feet of the center of Unit F of Section 24, Township 20 South, Range 32 East. The N/2 of said Section 24 would be dedicated to the well.

CASE 5916: Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Vacuum-Abc, Vacuum-Wolfcamp and Vacuum Upper-Pennsylvanian production in the wellbore of its McCallister State Well No. 7 located in Unit N of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 5917: Application of Hanagan Pet. Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Round Mountain Well No. 1, to be located 2310 feet from the North line and 660 feet from the East line of Section 34, Township 21 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, all of said Section 34 to be dedicated to the well.

CASE 5918: Application of Marbob Energy Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its NG Phillips State Well No. 10 located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

CASE 5919: Application of Tenneco Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Strawn formation through the perforated interval from 11,174 feet to 11,236 feet in its Jones Federal Well No. 1, located in Unit K of Section 23, Township 19 South, Range 31 East, Lusk-Strawn Pool, Eddy County, New Mexico.

CASE 5920: Application of New Mexico Salt Water Disposal Co., Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from approximately 13,000 feet to 13,500 feet in its Sinclair State Lea Well No. 1, located in Unit M of Section 1, Township 11 South, Range 34 East, Sand Springs-Devonian Pool, Lea County, New Mexico.

CASE 5921: Application of Eastland Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation through perforated intervals from 3506 feet to 3598 feet in its Power Deep Unit Well No. 1, located in Unit F of Section 6, Township 18 South, Range 31 East, Power Grayburg-San Andres Pool, Eddy County, New Mexico.

CASE 5922: Application of A. L. Daugherty for an exception to Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of produced salt water into an intermittent saline lake located in Section 24, Township 8 South, Range 29 East, and Section 19, Township 8 South, Range 30 East, both in Chaves County, New Mexico.

CASE 5653: (Reopened) (Continued from April 6, 1977, Examiner Hearing)

In the matter of Case 5653 being reopened pursuant to the provisions of Order No. R-5191 which order established temporary special pool rules for the Daisey-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5923: Application of El Paso Natural Gas Company for underground gas storage, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute its Barker Dome Gas Storage Project by utilizing certain wells for the injection into and withdrawal of gas from the Upper Dakota formation underlying all of Sections 8, 9, 10, 11, 14, 15, 16, 17, 20, 21, 22, 23, 28, and 29, and portions of Sections 7, 18, 19, 27, 30, and 32, all in Township 32 North, Range 14 West, Barker Creek-Dakota Pool, San Juan County, New Mexico.

CASE 5924: (Continued from April 20, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fruitland and Pictured Cliffs formations underlying the NE/4 and/or SE/4 of Section 20, Township 32 North, Range 6 West, San Juan County, New Mexico, and in the Mesaverde and Dakota formations underlying the E/2 of said Section 20, the above-described lands to be dedicated 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5925: (Continued from April 20, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SE/4 and the E/2 SW/4 of Section 9, and the NW/4 of Section 10, and all mineral interests in the Pictured Cliffs and Fruitland formations underlying the NW/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1800 feet from the North line and 850 feet from the West line of said Section 10. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5926: (Continued from April 20, 1977, Examiner Hearing)

Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SW/4 of Section 2, the E/2 SE/4 of Section

(Case 5926 continued on Page 3)

3, and the NE/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1925 feet from the North line and 1350 feet from the East line of said Section 10. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5924: Northwestern New Mexico Nomenclature Case calling for the creation and extension of certain pools in San Juan, Rio Arriba, and McKinley Counties:

a) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Cuervo-Gallup Oil Pool. The discovery well is the Adobe Oil Company Dugan Federal A Well No. 1 located in Unit F of Section 29, Township 24 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 29: NW/4

b) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Devonian production and designated as the Tom-Devonian Oil Pool. The discovery well is the Brooks Hall Oil Corporation Navajo AG Well No. 1 located in Unit A of Section 33, Township 25 North, Range 19 West, NMPM. Said pool would comprise:

TOWNSHIP 25 NORTH, RANGE 19 WEST, NMPM
Section 33: NE/4 NE/4

c) CREATE a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production and designated as the Chozas Mesa-Gallup Gas Pool. The discovery well is the Phillips Petroleum Company Jicarilla 28-3 Well No. 1 located in Unit G of Section 6, Township 28 North, Range 3 West, NMPM. Said pool would comprise:

TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM
Section 6: All

d) EXTEND the Aztec Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 9: W/2

e) EXTEND the Blanco Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM
Section 16: SE/4

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM
Section 27: SE/4
Section 29: W/2
Section 30: All
Section 31: All
Section 32: All
Section 34: All

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
Section 19: W/2

f) EXTEND the Dufers Point Gallup-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 2: SW/4
Section 10: All
Section 11: NW/4

g) EXTEND the Gallegos Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 24: SW/4
Section 25: NW/4

3, and the NE/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1525 feet from the North line and 1850 feet from the East line of said Section 10. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5924: Northwestern New Mexico Nomenclature Case calling for the creation and extension of certain pools in San Juan, Rio Arriba, and McKinley Counties:

a) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Cuervo-Gallup Oil Pool. The discovery well is the Adobe Oil Company Dugar Federal A Well No. 1 located in Unit F of Section 29, Township 24 North, Range 8 West, N.M.P.M. Said pool would comprise:

TOWNSHIP 24 NORTH, RANGE 8 WEST, N.M.P.M.
Section 29: NW/4

b) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Devonian production and designated as the Tcm-Devonian Oil Pool. The discovery well is the Brooks Hall Oil Corporation Navajo AC Well No. 1 located in Unit A of Section 33, Township 25 North, Range 19 West, N.M.P.M. Said pool would comprise:

TOWNSHIP 25 NORTH, RANGE 19 WEST, N.M.P.M.
Section 33: NE/4 NE/4

c) CREATE a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production and designated as the Choza Mesa-Gallup Gas Pool. The discovery well is the Phillips Petroleum Company Jicarilla 28-3 Well No. 1 located in Unit G of Section 6, Township 28 North, Range 3 West, N.M.P.M. Said pool would comprise:

TOWNSHIP 28 NORTH, RANGE 3 WEST, N.M.P.M.
Section 6: All

d) EXTEND the Aztec Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, N.M.P.M.
Section 9: W/2

e) EXTEND the Blanco Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 11 WEST, N.M.P.M.
Section 16: SE/4

TOWNSHIP 32 NORTH, RANGE 10 WEST, N.M.P.M.
Section 27: SE/4
Section 29: W/2
Section 30: All
Section 31: All
Section 32: All
Section 34: All

TOWNSHIP 32 NORTH, RANGE 11 WEST, N.M.P.M.
Section 19: W/2

f) EXTEND the Difers Point Gallup-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 8 WEST, N.M.P.M.
Section 2: SW/4
Section 10: All
Section 11: NW/4

g) EXTEND the Gallegos Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, N.M.P.M.
Section 24: SW/4
Section 25: NW/4