

Dockets Nos. 19-91 and 20-91 are tentatively set for July 11, 1991 and July 25, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 27, 1991

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before Michael E. Stogner, Examiner or David R. Catanach, or Jim Morrow, Alternate Examiners:

CASE 10334: (This case will be continued to July 11, 1991.)

Application of the United States Department of the Interior, Bureau of Land Management to plug and abandon a certain well in Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to properly plug and abandon, pursuant to the provisions of Section 70-2-38, N.M.S.A. 1978, the A. D. Raby for James T. Raby, Keys Well No. 1 located on a Federal tract of land 990 feet from the North line and 330 feet from the West line (Unit D) of Section 33, Township 6 South, Range 26 East, which is approximately 13 miles north-northeast of the Pecos River Bridge on U.S. Highway 70.

CASE 10335: (This case will be continued to July 11, 1991.)

Application of the United States Department of the Interior, Bureau of Land Management to plug and abandon a certain well in San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to properly plug and abandon, pursuant to the provisions of Section 70-2-38, N.M.S.A. 1978, the Paramount Petroleum Corp. Central Totah Unit Well No. 1 located on a Federal tract of land 820 feet from the South line and 675 feet from the West line (Unit M) of Section 21, Township 29 North, Range 13 West, which is approximately 1 mile south-southeast of the San Juan Bridge on New Mexico Highway 371.

 (Continued from June 13, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for pool extension and the assignment of a special depth bracket oil allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to extend the horizontal limits of the Los Medanos-Delaware Pool to include the S/2 of Section 9, the N/2 and SE/4 of Section 16, and the N/2 of Section 21, all in Township 23 South, Range 31 East. Further, the applicant seeks a special depth bracket oil allowable, pursuant to Division (General) Rule 505(d), for said pool whereby the allowable would be based on the deepest perforation (rather than the shallowest as provided for in General Rule 505(a)) in its Medano "VA" State Well No. 1 located in Unit K of said Section 16. Said pool area is located approximately 5.5 miles northwest of the Lea/Eddy County Line on New Mexico State Highway No. 128.

CASE 10280: (Continued from June 13, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10336: Application of Grace Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Springs formation underlying the SE/4 SE/4 (Unit P) 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 within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Teas-Bone Springs Pool, Undesignated Teas Yates-Seven Rivers Pool, and Undesignated West Teas Yates-Seven Rivers Pool. Said 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 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 19 miles south-southeast of Maljamar, New Mexico.

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CASE 10337: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 2500 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East, to test the Undesignated Carlsbad-Strawn Gas Pool and Undesignated South Carlsbad-Morrow Gas Pool, the W/2 of said Section 15 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools. The proposed well site is located approximately 3 miles southeast of Carlsbad, New Mexico.

CASE 10287: (Continued from May 30, 1991, Examiner Hearing.)

Application of BTA Oil Producers for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Shinnery-Queen Pool, in the open hole and perforated interval from approximately 3,972 feet to 4,285 feet in its existing Cinco de Mayo Federal Well No. 3 located 990 feet from the North and West lines (Unit D) of Section 24, Township 18 South, Range 32 East. Said well is located approximately 8.5 miles south by east of Maljamar, New Mexico.

CASE 10323: (Continued from June 13, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well 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 unit is located approximately 32.75 miles west of Eunice, New Mexico.

CASE 10338: Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a 40-acre non-standard gas spacing and proration unit in the Eumont Gas Pool comprising the SW/4 NW/4 (Unit E) of Section 10, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox gas well location 2310 feet from the North line and 330 feet from the West line of said Section 10. Said unit is located approximately 2.5 miles south-southwest of monument, New Mexico.

CASE 10339: Application of Conoco Inc. for a high angle/horizontal directional drilling pilot project and an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle horizontal directional drilling pilot project in an existing standard 160-acre oil spacing and proration unit in the North Dagger Draw-Upper Pennsylvanian Pool comprising the NW/4 of Section 17, Township 19 South, Range 25 East. The applicant proposes to drill from a tentative unorthodox surface well location 760 feet from the North line and 2630 feet from the West line (Unit C) of said Section 17, kick-off from vertical in a westerly direction until an angle of approximately 87 degrees is achieved and continue drilling horizontally for approximately 1320 feet. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, as promulgated by Division Order No. R-4691, as amended. The applicant proposes to simultaneously dedicate production from the proposed well as described above with that from the existing Jenny Com. Well No. 1 located at a standard oil well location 1750 feet from the North line and 660 feet from the West line (Unit E) of said Section 17. Said unit is located approximately 7 miles northwest of Seven Rivers, New Mexico.

CASE 10290: (Continued from June 13, 1991, Examiner Hearing.)

Application of Avon Energy Corporation for amendment of Division Order Nos. R-3185, R-3185-A and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-3185, R-3185-A and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project to 450 psi above the formation flowing pressure as determined from step-rate tests for four (4) certain injection wells in the entire Grayburg-San Andres formation of the Grayburg-Jackson Pool within the project area being all or parts of Sections 17, 20, 29, and 30 of Township 17 South, Range 31 East. Said project area is located approximately 4.5 miles east of Loco Hills, New Mexico.

- 10327:** Application of Yates Petroleum Corporation for pool extension and the assignment of a special depth bracket oil allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to extend the horizontal limits of the Los Medanos-Deiaware Pool to include the S/2 of Section 9, the N/2 and SE/4 of Section 16, and the N/2 of Section 21, all in Township 23 South, Range 31 East. Further, the applicant seeks a special depth bracket oil allowable, pursuant to Division (General) Rule 505(d), for said pool whereby the allowable would be based on the deepest perforation (rather than the shallowest as provided for in General Rule 505(a)) in its Medano "VA" State Well No. 1 located in Unit K of said Section 16. Said pool area is located approximately 5.5 miles northwest of the Lea/Eddy County Line on New Mexico State Highway No. 128.
- CASE 10328:** Application of Sage Energy Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the NE 4 NE 4 (Unit A) of Section 12, Township 13 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing which presently includes but is not necessarily limited to the Undesignated South Gladiola-Wolfcamp Pool, Undesignated West Bronco-Devonian Pool, and Undesignated Stallion-Devonian Pool. Said 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 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 3.5 miles southeast by south of Gladiola, New Mexico.
- CASE 10317:** (Continued from May 30, 1991, Examiner Hearing.)
- Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 17, Township 17 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Grayburg-Atoka Gas Pool, Undesignated North Grayburg-Atoka Gas Pool, and South Empire-Morrow Gas Pool, said unit to be dedicated to a well to be drilled at a standard gas well 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 unit is located approximately 7 miles west by north of Loco Hills, New Mexico.
- CASE 10329:** Application of Mewbourne Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Strawn formation comprising the S/2 SW/4 of Section 2, Township 18 South, Range 30 East, and the promulgation of special rules therefor including provisions for 80-acre spacing and designated well location requirements. Said area is located approximately 4 miles southeast by south of Loco Hills, New Mexico.
- CASE 10330:** Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 20, Township 19 South, Range 27 East, and in the following manner: the N/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not limited to the Undesignated East Lake McMillan-Wolfcamp Gas Pool, Undesignated McMillan-Upper Pennsylvanian Gas Pool, Undesignated McMillan-Atoka Gas Pool, Undesignated Angell Ranch Atoka-Morrow Gas Pool, Undesignated East Lake-Morrow Gas Pool, and Undesignated North McMillan-Morrow Gas Pool and the NE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled 990 feet from the North and East lines (Unit A) of said Section 20 being a standard gas well location for 160-acre spacing units but an unorthodox gas well location for zones developed on 320-acre spacing. 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 4 miles east-northeast of Lakewood, New Mexico.
- CASE 10331:** Application of Veteran Exploration Inc. to amend Division Order No. R-9330, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to modify Rule 7 of the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit in the Rio Puerco-Mancos Oil Pool as promulgated by Division Order No. R-9330 allowing for the administrative approval of 640-acre oil spacing and proration units formed for the purpose of dedicating high angle/horizontal wellbores that cross Section lines. Said Unit Area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

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CASE 10323: Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well 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 unit is located approximately 32.75 miles west of Eunice, New Mexico.

CASE 10290: (Continued from May 2, 1991, Examiner Hearing.)

Application of Avon Energy Corporation for amendment of Division Order Nos. R-3185, R-3185-A and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-3185, R-3185-A, and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project to 450 psi above the formation parting pressure as determined from step-rate tests for four (4) certain injection wells in the entire Grayburg-San Andres formation of the Grayburg-Jackson Pool within the project area being all or parts of Sections 17, 20, 29, and 30 of Township 17 South, Range 31 East. Said project area is located approximately 4.5 miles east of Loco Hills, New Mexico.

CASE 10324: Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, an exception to Rule 2(b) of the special rules governing the Blanco-Mesaverde pool, and a special project gas allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle/horizontal directional drilling pilot project in the equivalent E/2 (Lots 1, 3, 7, 8, 9, 10, 13, and 14) of Section 21, Township 31 North, Range 9 West, forming a 314.96-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Sunray "G" Well No. 2R at a standard gas well location in the SW/4 SE/4 equivalent (Lot 13) of said Section 21, drill vertically to a depth of approximately 4766 feet, kick-off in a northeasterly direction, build angle up to 80 to 90 degrees and drill horizontally for approximately 3600 feet. Applicant further requests that special operating provisions and rules be established for said project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval such that it can be no closer than 790 feet to the outer boundary of said proration unit and for a special project gas allowable. Also an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, is being sought allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Sunray "G" Wells Nos. 2 and 2A located in Units G and P, respectively, of said Section 21. Said unit is located approximately 12 miles east-northeast of Aztec, New Mexico.

CASE 10325: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Angel Peak-Gallup Associated Pool underlying Lots 3 and 4, E/2 SW/4, and SE/4 (S/2 equivalent) of Section 31, Township 27 North, Range 10 West, which is considered a standard 328.18-acre gas spacing and proration unit for said pool but is an unorthodox oil proration unit, all pursuant to the special pool rules as promulgated by Division Order No. R-5353, as amended. The applicant purposes to drill from a tentative unorthodox surface location 1450 feet from the South line and 1060 feet from the East line (Unit D) of Section 31, Township 27 North, Range 10 West, kick-off from vertical in a westerly direction until an angle of 75 to 90 degrees is achieved and continue drilling horizontally for approximately 3450 feet. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of said well's producing interval such that it can be no closer than 790 feet to the outer boundary of the aforementioned 328.18-acre spacing and proration unit and for a special project allowable. Said unit is located approximately 12.5 miles south by east of Bloomfield, New Mexico.

CASE 10326: Application of Burnett Oil Company, Inc. for area expansion of its Gissler B-11 Waterflood Project and for waterflood expansion of its Grayburg Jackson San Andres Unit Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Gissler B-11 Waterflood Project Area, authorized by Division Order No. R-4676, to include an additional 200 acres on its Gissler and Gissler "A" Leases comprising the S/2 SE/4 of Section 11, N/2 NE/4 of Section 14, and the SW/4 SW/4 of Section 12, all in Township 17 South, Range 30 East. Applicant also seeks to expand said project by converting the Gissler "A" Well Nos. 12 and 14 located, respectively, in Unit P of Section 11 and Unit A of Section 14 to water injection wells in the Grayburg formation of the Grayburg Jackson Pool. The applicant further seeks to expand its Grayburg Jackson San Andres Unit Waterflood Project to include both wells by extending the injection intervals into the San Andres formation as well. Said area is located approximately 3 miles northeast of Loco Hills, New Mexico.