

Dockets Nos. 39-92 and 40-92 are tentatively set for November 19, 1992 and December 3, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 5, 1992

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

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

CASE 10592: Application of Collins & Ware, Inc. 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 Morrow formation underlying the S/2 of Section 6, Township 20 South, Range 34 East, forming a standard 320-acre spacing and proration unit for any and all formations spaced on 320 acres within said vertical extent which presently includes but is not necessarily limited to the Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian 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 costs 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 14 miles west-southwest of Monument, New Mexico.

CASE 10593: Application of Amoco Production Company for acreage rededication and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 820 feet from the North line and 1820 feet from the West line (Unit C) of Section 25, Township 32 North, Range 11 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the Fields "A" Well No. 21 located in the SW/4 of Section 25, which is currently dedicated to a standard 320-acre spacing and proration unit comprising the S/2 of Section 25. The applicant further seeks authority to re-align its existing proration unit so as to dedicate the W/2 of Section 25, forming a standard 320-acre gas spacing and proration unit, to the proposed replacement well. Said unit is located approximately 9.5 miles north-northeast of Aztec, New Mexico.

CASE 10575: (Continued from October 29, 1992, Examiner Hearing.)

Application of Klabzuba Operating Company for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1847 feet from the North line and 1310 feet from the East line (Unit H) of Section 13, Township 10 South, Range 27 East, Race Track-Devonian Pool. The SE/4 NE/4 of said Section 13 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1.5 miles north by west of U.S. Highway 380 at milepost 178.

CASE 10108: (Reopened. This case will be continued to December 3, 1992.)

In the matter of Case 10108 being reopened pursuant to the provisions of Division Order No. R-5353-L, as amended, which order amended the special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County. Operators in said pool may appear and show cause why the amended temporary special rules and regulations for said South Dagger Draw-Upper Pennsylvanian Associated Pool should not be rescinded.

CASE 10569: (Continued from October 15, 1992, Examiner Hearing.)

Application of Hallwood Petroleum Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool, underlying the E/2 of Section 35, Township 32 South, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location in the NE/4 of said Section 35. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles northeast of La Plata, New Mexico.

CASE 10594: 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 special project oil allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Northeast Ojito Gallup-Dakota Oil Pool underlying the N/2 of Section 23, Township 26 North, Range 3 West, thereby creating a non-standard 320-acre spacing and proration unit for said pool. The applicant proposes to drill its Jicarilla "99" Well No. 17 from an unorthodox surface location 330 feet from the North line and 745 feet from the West line (Unit D) of said Section 23, kick off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to either the north or south boundary, nor closer than 790 feet to the east or west boundary of the spacing unit, and for a special project allowable. Said project area is located approximately 12 miles northwest of Lindrih, New Mexico.

CASE 10555: (Continued from October 15, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for amendment of Division Order No. R-8170, as amended, to establish a minimum gas allowable in the Justis (Glorieta) Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the "General Rules For the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Justis (Glorieta) Gas Pool" as promulgated by Division Order No. R-8170, as amended, to provide for a minimum natural gas allowable for the Justis (Glorieta) Gas Pool for a three-year period of time equal to 600 MCF of gas per day for an Acreage Factor of 1.00 or 1,200 MCF of gas per day for a standard Justis 320-acre gas spacing and proration unit. The current pool boundaries include portions of Townships 24 and 25 South, Range 37 East, which is located approximately 4 miles east of Jal, New Mexico.

CASE 10595: **Application of Southland Royalty Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox oil well location, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 16, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. The applicant proposes to re-enter its Tapacitos Well No. 3 located at an unorthodox surface location 1540 feet from the North line and 995 feet from the East line (Unit H) of said Section 16, kick off from vertical in an estimated westerly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit. Said project area is located approximately 12.5 miles north of Lindrith, New Mexico.

CASE 10596: **Application of Conoco, Inc. for downhole commingling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle production from the Blinebry Oil and Gas Pool and the Warren-Tubb Gas Pool within the wellbore of its Warren Unit Well No. 98 located 660 feet from the North and East lines (Unit A) of Section 28, Township 20 South, Range 38 East. The NE/4 NE/4 of said Section 28, forming a standard 40-acre spacing and proration unit for both zones, is to be dedicated to said well. Said unit is located approximately 5.5 miles Southwest of Nadine, New Mexico.

CASE 10597: (This case will be dismissed.)

Application of Conoco, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its proposed FC Flaherty Com Well No. 1-R to be located 800 feet from the North line and 1820 feet from the West line (Unit C) of Section 6, Township 31 North, Range 10 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the FC Flaherty Com Well No. 1 located in the SW/4 of said Section 6. The existing and previously approved 307.54-acre non-standard spacing and proration unit comprising the W/2 of Section 6 shall be dedicated to said well. Said unit is located approximately 8 miles north-northeast of Aztec, New Mexico.

CASE 10591: (Continued from October 29, 1992, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) **CREATE** a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Avalon-Bone Spring Pool. The discovery well is the Abo Petroleum Corporation Lario Federal Well No. 1 located in Unit F of Section 20, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 20: NW/4

- (b) **CREATE** a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Black River-Wolfcamp Pool. The discovery well is the BTA Oil Producers Crystal 9105 JV-P Well No. 1 located in Unit O of Section 4, Township 24 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 4: SE/4

- (c) **CREATE** a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production and designated as the East Dagger Draw-Upper Pennsylvanian Pool. The discovery well is the Nearburg Production Company South Boyd Well No. 1 located in Unit F of Section 27, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 27: NW/4