

THE COMMISSION HEARING SCHEDULED FOR MAY 29, 1985, HAS BEEN CONTINUED TO JUNE 12, 1985, AT 9 O'CLOCK A.M. IN THE OIL CONSERVATION DIVISION CONFERENCE ROOM.

Dockets Nos. 20-85 and 21-85 are tentatively set for June 19th and July 2, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 5, 1985

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

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 8599: (Continued from May 22, 1985, Examiner Hearing)

Application of L. L. Robinett to remove and market oil from the Ogalalla formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to remove and market oil from the Ogalalla formation underlying the S/2 SE/4 of Section 29, Township 19 South, Range 37 East, without restriction concerning the method of operation or quantity of oil recovered.

CASE 8461: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Alpha Twenty-One Production 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 Grayburg formation underlying the SE/4 NE/4 of Section 32, Township 18 South, Range 37 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8600: (Continued from May 22, 1985, Examiner Hearing)

Application of Wayne Newkumet for the contraction and extension of the horizontal limits of two Permo Pennsylvanian oil pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the North Morton-Permo Pennsylvanian Pool by the deletion therefrom of the S/2 of Section 25, SE/4 of Section 26, and the N/2 of Section 36, Township 14 South, Range 34 East, and the extension of the High Plains-Permo Pennsylvanian Pool to include the SW/4 of Section 25, the SE/4 of Section 26, and the NW/4 of Section 36, Township 14 South, Range 34 East. Applicant also seeks an exception to the well location requirements for the High Plains-Permo Pennsylvanian Pool for any well reclassified from the North Morton-Permo Pennsylvanian Pool, which well's location does not satisfy the High Plains-Permo Pennsylvanian Pool Rules requirements.

CASE 8601: (Continued from May 22, 1985, Examiner Hearing)

Application of Read & Stevens, Inc. for three unorthodox gas well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox gas well locations in the Buffalo Valley-Pennsylvanian Gas Pool at the following locations, all within Township 15 South, Range 27 East:

Langley Federal Com Well No. 4
1570' FNL - 1780' FEL
Section 14, N/2 dedication;

Langley Federal Com Well No. 3
1190' FSL - 2310' FEL
Section 14, S/2 dedication;

Toles Federal Well No. 2
1980' FSL - 990' FWL
Section 24, S/2 dedication.

CASE 8563: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Cabot Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and Glorieta formations in the open-hole interval from 4583 feet to 6730 feet in the J. L. Reed Well No. 3 located 1980 feet from the North line and 1650 feet from the East line of Section 35, Township 13 South, Range 37 East.

CASE 8602: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of TXO Production Corp. 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 top of the Wolfcamp formation underlying the NW/4 of Section 29, Township 22 South, Range 26 East, to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit within said vertical limits also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. In the event oil is encountered in any producing horizon from the surface to the base of the Morrow formation, the applicant proposes to dedicate the SW/4 NW/4 of said Section 29, forming a standard 40-acre oil spacing and proration unit also to be dedicated to said well. Also to be considered, in any case, 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.

CASE 8564: (Continued from May 22, 1985 Examiner Hearing)

Application of the Commissioner of Public Lands for the State of New Mexico for amendment of Division Order No. R-7817, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7817 to rescind that portion of said Order No. R-7817 which authorized TXO Production Corp. to pool all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East.

CASE 8603: (Continued from May 22, 1985, Examiner Hearing)

Application of Sage Energy Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "C" member of the Cisco formation in the perforated interval from 9777 feet to 9795 feet in its Cabot State Well No. 4 located 1980 feet from the North and East lines of Section 32, Township 8 South, Range 36 East.

CASE 8604: (Continued from May 22, 1985, Examiner Hearing)

Application of HCW Exploration, 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 Jalmat Gas Pool, underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre non-standard gas proration unit 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8605: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman to rescind Division Order No. R-3690, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rescind Division Order No. R-3690 which authorized the disposal of produced water into the Seven Rivers formation through the Etz Well No. 3 located 330 feet from the South line and 1650 feet from the West line of Section 27, Township 23 South, Range 36 East, Jalmat Gas Pool, in which HCW Exploration, Inc. is the operator.

CASE 8594: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit, and an unorthodox gas well location, 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 Jalmar Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre spacing and proration unit, to be dedicated to a well to be drilled 660 feet from the South line and 330 feet from the East line of said Section 27. Applicant further seeks approval for a 160-acre non-standard Jalmar Gas Pool spacing and proration unit comprising said SE/4 of Section 27 also to be dedicated to the aforementioned well which is an unorthodox gas well location in the Jalmar Gas Pool. 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.

CASE 8609: (Continued from May 22, 1985, Examiner Hearing) (This case will be continued to June 19, 1985)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Union Texas State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 17, Township 19 South, Range 29 East, Turkey Track-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8610: (Continued from May 22, 1985, Examiner Hearing) (This case will be continued to June 19, 1985)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Alscott Federal Well No. 1 located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 East, North Turkey Track-Cisco Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8611: (Continued from May 22, 1985, Examiner Hearing) (This case will be continued to June 19, 1985)

Application of Hondo Drilling Company for five HARDSHIP GAS WELL CLASSIFICATIONS, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that each of the following described wells in Township 18 South, Range 29 East, North Turkey Track-Morrow Gas Pool, are hardship gas wells which should be granted priority access to pipeline takes in order to avoid waste:

Alscott Federal Well No. 2
660' FSL - 1980' FEL (Unit O)
Section 30

Alscott Federal Well No. 3
660' FSL - 1980' FEL (Unit O)
Section 31

Trigg Jennings Com Well No. 1
660' FSL - 1980' FWL (Unit N)
Section 28

Wright Federal Com Well No. 1
660' FSL - 1980' FWL (Unit N)
Section 29

Wright Federal Com Well No. 2
1980' FNL - 1980' FEL (Unit G)
Section 29

CASE 8533: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Ike Lovelady, Inc. for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Sam H. Snoddy Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 26, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8576: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 89 located 2300 feet from the South line and 1830 feet from the West line (Unit K) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8577: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8578: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 88 located 2450 feet from the North line and 1850 feet from the East line (Unit G) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8579: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 90 located 1180 feet from the South line and 1750 feet from the West line (Unit N) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8612: (Continued from May 22, 1985, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider an order creating, abolishing, contracting and assigning a discovery allowable to certain pools in Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production and designated as the Railroad Mountain-Fusselman Gas Pool. The discovery well is Stevens Operating Company, O'Brien OO #1 located in Unit F of Section 33, Township 7 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM

Section 33: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Tamano-Bone Spring Pool. The discovery well is the Harvey E. Yates Co., Mesquite 2 State #1 located in Unit O of Section 2, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 2: SE/4

- (c) ABOLISH the South Leo-Seven Rivers Queen Grayburg San Andres Pool in Eddy County, New Mexico, and the acreage included therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2

- (d) CONTRACT the horizontal limits of the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, by the deletion of the following acreage:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 1: All

- (e) ASSIGN a discovery allowable of 21,340 barrels to an existing pool in Eddy County, New Mexico. Said pool is the Shugart Yates Seven Rivers Queen Grayburg Pool. Said discovery well is the Siate Oil & Gas Co., Geronimo Federal #1 located in Unit G of Section 24, Township 18 South, Range 31 East.
- (f) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 19: All

- (g) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 3: N/2

- (h) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 33: All

Section 34: All

- (i) EXTEND the Four Mile Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 36: S/2

- (j) EXTEND the Los Medanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: All

- (k) EXTEND the Race Track-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 6: SW/4

- (l) EXTEND the Richard Knob-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 8: S/2

- (m) EXTEND the Turkey Track-Seven Rivers Queen Grayburg San Andres Pool in Eddy County, New Mexico, to include the abolished acreage of the South Leo-Seven Rivers Queen Grayburg San Andres Pool therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 35: SE/4
Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2

- CASE 8613: Application of Jubilee Energy Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 4482 feet to 4502 feet in its Exxon Federal Well No. 2 located 705 feet from the South line and 660 feet from the West line of Section 9, Township 26 South, Range 32 East, North Mason Delaware Pool.
- CASE 8614: Application of Yates Petroleum Corporation for an exception to the Special Rules and Regulations for the Bluit-San Andres Associated Pool as promulgated by Division Order No. R-5353, as amended, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Bluit-San Andres Associated Pool as promulgated by Division Order No. R-5353, as amended, to authorize an unorthodox gas well location for its Bluestem "ZL" Federal Well No. 1 to be located 1650 feet from the North line and 2310 feet from the East line of Section 20, Township 8 South, Range 38 East, the S/2 NE/4 and N/2 SE/4 of said Section 20 to be dedicated to said well forming a non-standard 160-acre gas spacing and proration unit in said pool.
- CASE 8593: (Continued from May 22, 1985, Examiner Hearing)
- Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, South Carlsbad-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8615: Application of Corinne Grace for HARDSHIP GAS WELL CLASSIFICATION, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Poco Loco Well No. 1 located 1980 feet from the South and West lines of Section 8, Township 15 South, Range 30 East, Double "L"-Queen Associated Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8616: Application of MorOilCo, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 330 feet from the North and East lines of Section 33, Township 19 South, Range 34 East, Seven Rivers formation, the NE/4 of said Section 33 to be dedicated to the well.
- CASE 8617: Application of MorOilCo, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen and Grayburg formations in the perforated interval from 2264 feet to 2650 feet in its West Guajalote State Well No. 2 located 660 feet from the South line and 1980 feet from the East line of Section 5, Township 19 South, Range 29 East.
- CASE 8618: Application of Old Loco Oil for the amendment of Division Order No. R-7532, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7532 authorizing the applicant to relocate the approved oil treating plant to a new site in Section 29, Township 17 South, Range 29 East, and to be named the operator of said facility.
- CASE 8545: (Continued from May 22, 1985, Examiner Hearing)
- Application of Myco Industries for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.

CASE 8556: (Continued from May 22, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8608: (Continued and Readvertised)

Application of Southland Royalty Company for a non-standard gas spacing and proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 15, Township 29 North, Range 14 West, Basin-Dakota Pool.

CASE 8568: (Continued from May 8, 1985, Examiner Hearing)

Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising the SE/4 SE/4 of Section 32, Township 18 South, Range 35 East, and the assignment of a discovery allowable in the amount of 55,620 barrels for its Peoples State 32 Well No. 1.

CASE 8606: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman for simultaneous dedication and 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 Jalmat Gas Pool underlying the NW/4 of Section 8, Township 24 South, Range 17 East, forming a previously approved 160-acre non-standard spacing and proration unit in the Jalmat Gas Pool, to be simultaneously dedicated to his existing E. E. Jack Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 8 and his proposed E. E. Jack Well No. 5 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8607: (Continued from May 22, 1985, Examiner Hearing)

Application of ARCO Oil and Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Ojito Gallup-Dakota Oil Pool to provide for 160-acre spacing or proration units.

CASE 8619: Application of Mesa Petroleum Co. for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2270 feet from the North line and 1390 feet from the East line of Section 9, Township 20 North, Range 2 West, Rio Puerco-Mancos Pool, the E/2 of said Section 9 to be dedicated to the well.CASE 8620: Application of Mesa Petroleum Co. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Scharb-Bone Spring Pool in Lea County, New Mexico, including a gas-oil ratio limitation of 14,000 cubic feet of gas per barrel of oil.CASE 8621: Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gem-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8622: Application of Pennzoil 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 11,800 feet underlying the E/2 SE/4 of Section 4, Township 17 South, Range 37 East, forming an 80-acre spacing and proration unit for any and all formations and/or pools dedicated on 80-acre spacing, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8623: Application of Caulkins Oil Company for dual completion, downhole commingling, and non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Kaima Well No. 1-R to be located at a standard location in the NE/4 of Section 20, Township 26 North, Range 6 West, in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled South Blanco-Pictured Cliffs and Otero-Chacra production and both commingled zones produced through parallel strings of tubing. The applicant further seeks approval of a 160-acre non-standard gas spacing and proration unit in the Basin-Dakota and Blanco-Mesaverde Pools comprising the NE/4 of said Section 20.

CASE 8624: Application of Cities Service Oil & Gas Corporation for pool creation and contraction, and assignment of a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Corbin Queen Pool by the deletion therefrom of the SW/4 of Section 3, SE/4 of Section 4, E/2 of Section 9, W/2 of Section 10 and NE/4 of Section 16, Township 18 South, Range 33 East; the creation of a new oil pool for Queen production comprising the aforementioned area in Township 18 South, Range 33 East, and the assignment of a discovery allowable for its Federal "AA" Well No. 1 located 990 feet from the North line and 1980 feet from the East line of said Section 9.

CASE 8560: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 11: S/2
 Section 14: All
 Section 15: All
 Section 16: All
 Section 18: W/2
 Section 19: W/2
 Section 21: E/2
 Section 22: W/2
 Section 23: E/2
 Section 27: W/2
 Section 34: NW/4

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 13: N/2
 Section 14: NE/4

CASE 8625: 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, Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Antelope Ridge-Bone Spring Pool. The discovery well is the Curry Resources Curry State Well No. 1 located in Unit A of Section 22, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 22: NE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Bilbrey-Atoka Gas Pool. The discovery well is the Getty Oil Company Bilbrey Fed Com Well No. 1 located in Unit C of Section 4, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 4: N/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the South Button Mesa-Pennsylvanian Pool. The discovery well is the Yates Petroleum Corporation Patton AAR State Well No. 1 located in Unit I of Section 5, Township 9 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM

Section 5: SE/4

- (d) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Cisco production and designated as the East New Hope-Cisco Gas Pool. The discovery well is the L & B Oil Company, Inc. Boys Ranch Well No. 1 located in Unit O of Section 29, Township 6 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM

Section 29: S/2

- (e) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM

Section 13: NW/4

- (f) EXTEND the West Caprock-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM

Section 14: E/2

- (g) EXTEND the EK-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 36: NW/4

- (h) EXTEND the Eunice Monument Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM

Section 32: NE/4

- (i) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 28: NE/4

- (j) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 11: NE/4

- (k) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM

Section 17: W/2

- (l) EXTEND the Saunders-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 10: NE/4

- (m) EXTEND the East Skaggs-Abo Pool Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 19: S/2 NE/4 and SE/4
 Section 20: SW/4
 Section 29: NW/4

- (n) EXTEND the Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM

Section 35: SE/4

- (o) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 7: SE/4

Docket No. 18-85

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 12, 1985

8:45 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 Gilbert P. Quintana, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1985, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1985, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Docket No. 19-85.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 12, 1985

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8447: (Continued from May 29, 1985, Examiner Hearing) (De Novo)

Application of Chama Petroleum Company to limit the Lea-Pennsylvanian Gas Pool Rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to limit pool rules for the Lea-Pennsylvanian Gas Pool in Township 20 South, Range 34 East, to the pool boundaries only. Upon request of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8400: (Continued and Readvertised)

Application of Jack J. Grynberg for amendment of Division Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6873 to 1) declare the applicant to be the operator of said Order's subject well and unit, 2) allow for the drilling of a second PrePermian well on the established 320-acre proration unit and 3) the establishment of risk factor and overhead charges for the new well.

Dockets Nos. 17-85 and 18-85 are tentatively set for June 5th and June 19th, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 22, 1985

8:00 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 Gilbert P. Quintana, Alternate Examiner:

CASE 8599: Application of L. L. Robinett to remove and market oil from the Ogalalla formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to remove and market oil from the Ogalalla formation underlying the S/2 SE/4 of Section 29, Township 19 South, Range 37 East, without restriction concerning the method of operation or quantity of oil recovered.

CASE 8461: (Continued from April 24, 1985, Examiner Hearing)

Application of Alpha Twenty-One Production 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 Grayburg formation underlying the SE/4 NE/4 of Section 32, Township 18 South, Range 37 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 3600: Application of Wayne Newkumet for the contraction and extension of the horizontal limits of two Permo Pennsylvanian oil pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the North Morton-Permo Pennsylvanian Pool by the deletion therefrom of the S/2 of Section 25, SE/4 of Section 26, and the N/2 of Section 36, Township 14 South, Range 34 East, and the extension of the High Plains-Permo Pennsylvanian Pool to include the SW/4 of Section 25, the SE/4 of Section 26, and the NW/4 of Section 36, Township 14 South, Range 34 East. Applicant also seeks an exception to the well location requirements for the High Plains-Permo Pennsylvanian Pool for any well reclassified from the North Morton-Permo Pennsylvanian Pool, which well's location does not satisfy the High Plains-Permo Pennsylvanian Pool Rules requirements.

CASE 8593: (Continued from May 8, 1985, Examiner Hearing)

Application of Corrine B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, South Carlsbad-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8601: Application of Read & Stevens, Inc. for three unorthodox gas well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox gas well locations in the Buffalo Valley-Permsylvanian Gas Pool at the following locations, all within Township 15 South, Range 27 East:

Langley Federal Com Well No. 4
1570' FNL - 1780' FEL
Section 14, N/2 dedication;

Langley Federal Com Well No. 3
1190' FSL - 2310' FEL
Section 14, S/2 dedication;

Toles Federal Well No. 2
1980' FSL - 990' FWL
Section 24, S/2 dedication.

CASE 8563: (Continued from April 24, 1985, Examiner Hearing)

Application of Cabot Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and Glocieta formations in the open-hole interval from 4583 feet to 6730 feet in the J. L. Reed Well No. 3 located 1980 feet from the North line and 1650 feet from East line of Section 35, Township 13 South, Range 37 East.

CASE 8602: Application of TXO Production Corp. 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 top of the Wolfcamp formation underlying the NW/4 of Section 29, Township 22 South, Range 26 East, to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit within said vertical limits also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. In the event oil is encountered in any producing horizon from the surface to the base of the Morrow formation, the applicant proposes to dedicate the SW/4 NW/4 of said Section 29, forming a standard 40-acre oil spacing and proration unit also to be dedicated to said well. Also to be considered, in any case, 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.

CASE 8564: (Continued and Readvertised)

Application of the Commissioner of Public Lands for the State of New Mexico for amendment of Division Order No. R-7817, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7817 to rescind that portion of said Order No. R-7817 which authorized TXO Production Corp. to pool all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East.

CASE 8603: Application of Sage Energy Company for salt water disposal, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "C" member of the Cisco formation in the perforated interval from 9777 feet to 9795 feet in its Cabot State Well No. 4 located 1980 feet from the North and East lines of Section 32, Township 8 South, Range 36 East.

CASE 8604: Application of HCW Exploration, 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 Jalmat Gas Pool, underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre non-standard gas proration unit 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, designation of applicant as operator the well and a charge for risk involved in drilling said well.

CASE 8545: (Continued from May 8, 1985, Examiner Hearing)

Application of Myco Industries for salt water disposal, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.

CASE 8605: Application of Doyle Hartman to rescind Division Order No. R-3690, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks to rescind Division Order No. R-3690 which authorized the disposal of produced water into the Seven Rivers formation through the Etz Well No. 3 located 330 feet from the South line and 1650 feet from the West line of Section 27, Township 23 South, Range 36 East, Jalmat Gas Pool, in which HCW Exploration, Inc. is the operator.

CASE 8594: (Continued and Readvertised)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit, and an unorthodox gas well location, 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 Jalmat Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre spacing and proration unit, to be dedicated to a well to be drilled 660 feet from the South line and 330 feet from the East line of said Section 27. Applicant further seeks approval for a 160-acre non-standard Jalmat Gas Pool spacing and proration unit comprising said SE/4 of Section 27 also to be dedicated to the aforementioned well which is an unorthodox gas well location in the Jalmat Gas Pool. 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.

CASE 8606: Application of Doyle Hartman for simultaneous dedication and 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 Jalmat Gas Pool underlying the NW/4 of Section 8, Township 24 South, Range 37 East, forming a previously approved 160-acre non-standard spacing and proration unit in the Jalmat Gas Pool, to be simultaneously dedicated to his existing E. E. Jack Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 8 and his proposed E. E. Jack Well No. 5 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8594: (Continued from May 8, 1985, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit, and an unorthodox gas well location, 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 Jalmat Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre spacing and proration unit, to be dedicated to a well to be drilled 330 feet from the South and East lines of said Section 27. Applicant further seeks approval for a 160-acre non-standard Jalmat Gas Pool spacing and proration unit comprising said SE/4 of Section 27 also to be dedicated to the aforementioned well which is an unorthodox gas well location in the Jalmat Gas Pool. 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.

CASE 8607: Application of ARCO Oil and Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Ojito Gallup-Dakota Oil Pool to provide for 160-acre spacing or proration units.

CASE 8608: Application of Southland Royalty Company for a non-standard gas spacing and proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 15, Township 29 North, Range 14 West, Basin-Dakota Pool.

CASE 8556: (Continued from May 8, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8609: Application of Hondo Drilling Company for HARSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Union Texas State Com Well No. 1 located 960 feet from the South line and 1980 feet from the West line of Section 17, Township 19 South, Range 29 East, Turkey Track-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8610: Application of Hondo Drilling Company for HARSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Alscott Federal Well No. 1 located 1660 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 East, North Turkey Track-Cisco Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8611: Application of Hondo Drilling Company for five HARSHIP GAS WELL CLASSIFICATIONS, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that each of the following described wells in Township 18 South, Range 29 East, North Turkey Track-Morrow Gas Pool, are hardship gas wells which should be granted priority access to pipeline takes in order to avoid waste:

Alscott Federal Well No. 2
660' FS. - 1980' FEL (Unit O)
Section 30

Alscott Federal Well No. 3
660' FS. - 1980' FEL (Unit O)
Section 31

Trigg Jennings Com Well No. 1
660' FS. - 1980' FWL (Unit N)
Section 28

Wright Federal Com Well No. 1
660' FS. - 1980' FWL (Unit N)
Section 29

Wright Federal Com Well No. 2
1980' FWL - 1980' FEL (Unit G)
Section 29

CASE 8533: (Continued from April 24, 1985, Examiner Hearing)

Application of Ike Lovelady, Inc. for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Sam H. Snoddy Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 26, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8576: (Continued from April 24, 1985, Examiner Hearing)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 89 located 2300 feet from the South line and 1830 feet from the West line (Unit K) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8577: (Continued from April 24, 1985, Examiner Hearing)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8578: (Continued from April 24, 1985, Examiner Hearing)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 88 located 2450 feet from the North line and 1850 feet from the East line (Unit G) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8579: (Continued from April 24, 1985, Examiner Hearing)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 90 located 1180 feet from the South line and 1750 feet from the West line (Unit N) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8612: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, contracting, and assigning a discovery allowable in Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production and designated as the Railroad Mountain-Fusselman Gas Pool. The discovery well is Stevens Operating Company, O'Brien 00 #1 located Unit F of Section 33, Township 7 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM

Section 33: W/2
- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Tamano-Bone Spring Pool. The discovery well is the Harvey E. Yates Co., Mesquite 2 State #1 located in Unit O of Section 2, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 2: SE/4
- (c) ABOLISH the South Leo-Seven Rivers Queen Grayburg San Andres Pool in Eddy County, New Mexico, and the acreage included therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2
- (d) CONTRACT the horizontal limits of the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, by the deletion of the following acreage:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 1: All

DOCKET: COMMISSION HEARING - WEDNESDAY - MAY 29, 1985

CIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 84-7: (De Novo)

Application of Chama Petroleum Company to limit the Lea-Pennsylvanian Gas Pool Rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to limit pool rules for the Lea-Pennsylvanian Gas Pool in Township 20 South, Range 34 East, to the pool boundaries only. Upon request of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

- (e) ASSIGN a discovery allowable of 21,340 barrels to an existing pool in Eddy County, New Mexico. Said pool is the Shugart Yates Seven Rivers Queen Grayburg Pool. Said discovery well is the Siete Oil & Gas Co., Geronimo Federal #1 located in Unit G of Section 24, Township 18 South, Range 31 East.

- (f) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 19: All

- (g) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 3: N/2

- (h) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 33: All

Section 34: All

- (i) EXTEND the Four Mile Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 36: S/2

- (j) EXTEND the Los Medanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: All

- (k) EXTEND the Race Track-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 6: SW/4

- (l) EXTEND the Richard Knob-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 8: S/2

- (m) EXTEND the Turkey Track-Seven Rivers Queen Grayburg San Andres Pool in Eddy County, New Mexico, to include the abolished acreage of the South Leo-Seven Rivers Queen Grayburg San Andres Pool therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 35: SE/4

Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

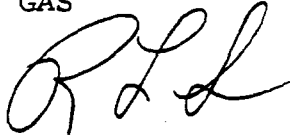
TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

No. 1-85

M E M O R A N D U M

TO: ALL OPERATORS, TRANSPORTERS, SERVICE COMPANIES,
AND ANY OTHER PERSONS INVOLVED IN DEVELOPMENT
AND PRODUCTION OF OIL AND GAS

FROM: R. L. STAMETS, DIRECTOR 

SUBJECT: PROPOSED RULE CHANGES

Attached are a number of possible rule changes which this agency may consider. In general these changes relate to the following:

- (1) Protection of fresh waters (Definitions and Rules 1, 2, 3, 7, 8, 108, and 701).
- (2) Notice prior to staking a well (Rule 102[c]).
- (3) Notice of situations or conditions to the Division (Rules 108, 113, and 116).
- (4) Notice of hearings (Rules 1204 through 1207).
- (5) Minor corrections (Rules 4 and 104J).

These proposals are submitted for public review and comment. Comments should be made in writing to this office not later than June 17, 1985. No hearing will be scheduled on these proposals prior to July, 1985.

May 9, 1985
fd/

PROPOSED RULE ADDITIONS AND AMENDMENTS
MAY 6, 1985

Additional Definitions

FRESH WATER (to be protected) includes all surface waters and all underground waters containing 10,000 parts per million or less of dissolved solids except for which, after notice and hearing, it is found there is no reasonably foreseeable beneficial use which would be impaired by contamination of such waters.

PRODUCED WATER shall mean those waters produced in conjunction with the production of crude oil and/or natural gas and commonly collected at field storage or disposal facilities including: lease tanks, commingled tank batteries, burn pits, LACT units, and community or lease salt water disposal systems and which may be collected at gas processing plants, pipeline drips and other processing or transportation facilities.

B - MISCELLANEOUS RULES

RULE 1. SCOPE OF RULES AND REGULATIONS

(a) The following General Rules of statewide application have been adopted by the Oil Conservation Division of the New Mexico Energy and Minerals Department to conserve the natural resources of the State of New Mexico, to prevent waste, [and] to protect correlative rights of all owners of crude oil and natural gas, and to protect fresh waters. Special rules, regulations and orders have been and will be issued when required and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply.

(b) The Division may grant exceptions to these rules after notice and hearing, when the granting of such exceptions will not result in waste but will protect correlative rights or prevent undue hardship.

RULE 2. ENFORCEMENT OF LAWS, RULES AND REGULATIONS DEALING WITH CONSERVATION OF OIL AND GAS

The Division, its agents, representatives and employees are charged with the duty and obligation of enforcing all rules and statutes of the State of New Mexico relating to the conservation of oil and gas, including the related protection of fresh waters. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas and protection of fresh waters before operations have begun.

RULE 3. WASTE PROHIBITED/ GENERAL OPERATING

(a) The production or handling of crude petroleum oil or natural gas of any type or in any form, or the handling of products thereof, in such a manner or under such conditions or in such amount as to constitute or result in waste is hereby prohibited.

(b) All operators, contractors, drillers, carriers, gas distributors, service companies, pipe pulling and salvaging contractors, or other persons shall at all times conduct their operations in the drilling, equipping, operating, producing, plugging and abandonment of [and-gas-wells] gas, injection, disposal, and storage wells in a manner that will prevent waste of oil and gas, the contamination of fresh waters, or other damage to neighboring properties, and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage, conduit or operating equipment.

RULE 4. UNITED STATES GOVERNMENT LEASES

The Division recognizes that all persons drilling on United States Government land shall comply with the United States government regulations. Such persons shall also comply with all applicable State rules and regulations which are not in conflict therewith. Copies of "Application for Permit to Drill, Deepen or Plug Back," (USGS Form No. 9-331C), "Sundry Notices and Reports on Wells," (USGS Form No. 9-331), and "Well Completion or Recompletion Report and Log," (USGS Form No. 9-330), for wells on U.S. Government land shall be furnished [by] the Division.

RULE 5. CLASSIFYING AND DEFINING POOLS

The Division will determine whether a particular well or pool is a gas or oil well, or a gas or oil pool, as the case may be, and from time to time classify and reclassify wells and name pools accordingly, and will determine the limits of any pools producing crude petroleum oil or natural gas and from time to time redetermine such limits.

RULE 6. FORMS UPON REQUEST

Forms for written notices, request and reports required by the Division will be furnished upon request.

RULE 7. AUTHORITY TO COOPERATE WITH OTHER AGENCIES

The Division may from time to time enter into arrangement with State and Federal governmental agencies, industry committees and individuals, with respect to special projects, services and studies relating to conservation of oil and gas and the associated protection of fresh waters.

RULE 8. LINED PITS (New Rule)

Lined pits may be used to contain produced water, sediment oil, tank bottoms, miscellaneous hydrocarbons, or other fluids subject to the jurisdiction of the Division under the Oil and Gas Act only upon prior approval of the Division.

C - DRILLING

RULE 102. NOTICE OF INTENTION TO DRILL

(a) Prior to the commencement of operations, notice shall be delivered to the Division of intention to drill any well for oil or gas or for injection purposes and approval obtained on Form C-101.

(b) No permit shall be approved for the drilling of any well within the corporate limits of any city, town, or village of this state unless notice of intention to drill such well has been given to the duly constituted governing body of such city, town or village or its duly authorized agent. Evidence of such notification shall accompany the application for a permit to drill (Form C-101).

(c) Prior to staking a well, the operator shall give notice to the land owner and, if different, notice to the tenant or lease.

RULE 104.

J. In computing acreage under H and I above, minor fractions of an acre shall not be counted [by] but $\frac{1}{4}$ acres or more shall count as 1 acre.

RULE 108. DEFECTIVE CASING OR CEMENTING

In any well that appears to have a defective casing program or faultily cemented or corroded casing which will permit or may create underground waste or contamination of fresh waters, the operator shall give immediate notice to the Division and proceed with diligence to use the appropriate method and means to eliminate such hazard. [~~of underground waste.~~] If such hazard of waste or contamination of fresh water cannot be eliminated, the well shall be properly plugged and abandoned.

RULE 113. SHOOTING AND CHEMICAL TREATMENT OF WELLS

If injury results to the producing formation or injection interval casing or casing seat from shooting, fracturing, or treating a well, the operator shall notify the Division and proceed with diligence to use the appropriate method and means for rectifying such damage. If shooting or chemical treating results in irreparable injury to the well the Division may require the operator to properly plug and abandon the well.

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RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS, SPILLS, AND BLOWOUTS

1. Well Blowouts. Notification of well blowouts and/or fires shall be "immediate notification" described below. ("Well blowout" is defined as being loss of control over and subsequent eruption of any drilling or workover well, including the flow of 25 or more barrels of water per day from any formation, or the rupture of the casing, casinghead, or wellhead of any oil or gas well or injection or disposal well, whether active or inactive; accompanied by the sudden emission of fluids, gaseous or liquid, from the well.)

RULE 710. DISPOSITION OF ~~[TRANSPORTED]~~ PRODUCED WATER

(a) No person, including any transporter, may dispose of ~~[such]~~ produced water on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies.

Delivery of produced water to approved salt water disposal facilities, secondary recovery or pressure maintenance injection facilities, or to a drillsite for use in drilling fluid will not be construed as constituting a hazard to fresh water supplies provided the produced waters are placed in tanks or other impermeable storage at such facilities.

(b) The supervisor of the appropriate district office of the Division may grant temporary exceptions to paragraph (a) above for emergency situations and for use of produced water in road construction or maintenance or for use of produced waters for other construction purposes upon request and a proper showing by a holder of an approved Form C-133 (Authorization to Move Produced Water).

(c) Vehicular movement or disposition of produced water in any manner contrary to these rules shall be considered cause, after notice and hearing, for cancellation of Form C-133.

RULE 1204. METHOD OF GIVING LEGAL NOTICE FOR HEARING

Notice of each hearing before the Commission and notice of each hearing before a Division Examiner shall be ~~[given by personal service on the person affected or]~~ by publication once in a newspaper of general circulation published at Santa Fe, New Mexico, and once in a newspaper of general circulation published in the county or each of the counties, if there be more than one, in which any land, oil, or gas, or other property which may be affected is situated.

RULE 1205 CONTENTS OF NOTICE OF HEARING

~~[Such notice]~~ Published notices shall be issued in the name of "The State of New Mexico" and shall be signed by the Director of the Division, and the seal of the Commission shall be impressed thereon.

The notice shall specify whether the case is set for hearing before the Commission or before a Division Examiner and shall state the number and style of the case and the time and place of hearing and shall briefly state the general nature of the order or orders, rule or rules, regulation or regulations to be promulgated or effected. The notice shall also state the name of the petitioner or applicant, if any, and unless the contemplated order, rule, or regulation is intended to apply to and affect the entire state, it shall specify or generally describe the common source or sources of supply which may be affected by such order, rule, or regulation.

~~[RULE 1206. PERSONAL SERVICE OF NOTICE]~~

~~Personal service of the notice of hearing may be made by any agent of the Division or by any person over the age of 18 years in the same manner as is provided by law for the service of summons in civil actions in the district courts of this state. Such service shall be complete at the time of such personal service or on the date of publication, as the case may be. Proof of service shall be by the affidavit of the person making personal service or of the publisher of the newspaper in which publication is had. Service of the notice shall be made at least 10 days before the hearing.]~~

RULE ~~[1207]~~ 1206. PREPARATION OF NOTICES

After a motion or application is filed with the Division the notice ~~[or notices]~~ required under Rule 1205 shall be prepared by the Division and ~~[service and]~~ publication thereof shall be taken care of by the Division without cost to the applicant.

RULE 1207. ADDITIONAL NOTICE REQUIREMENTS (New Rule Alternative No. 1)

Each applicant for hearing before the Division or Commission shall give additional notice as set forth below:

1. In cases of applications filed for compulsory pooling under Section 70-2-17 NMSA 1978, as amended, or statutory unitization under Section 70-7-1, et. seq. NMSA 1978, as amended: Actual notice shall be given to each known individual owning an uncommitted leasehold interest, an unleased and uncommitted mineral interest, or royalty interest not subject to a pooling or unitization clause in the lands affected by such application which interest must be committed and has not been voluntarily committed to the area proposed to be pooled or unitized. Such individual notice in compulsory pooling or statutory unitization cases shall be by certified mail (return receipt requested).
2. In cases of applications for hearing for approval of unorthodox well locations: Actual notice shall be given to any offset operator in those adjoining spacing/proration units of the same size that is adversely affected by the proposed unorthodox location, or any potash operator in an adjoining proration or spacing unit in the R-111-A area provided the subject well be closer to that potash operator than the closest standard location allows. Such notice shall be given by certified mail (return receipt requested).
3. In the case of applications for the approval of any non-standard proration unit: Actual notice shall be given to all operators owning a leasehold interest in the quarter-quarter section (for 40-acre pools or formations), the quarter section (for 160-acre pools or formations) the half section (for 320-acre pools or formations), or in the section (for 640-acre pools or formations) in which the non-standard unit is located and to each operator on any proration unit, if there

be such, or tract which adjoins or corners such quarter-quarter, quarter, half, or whole section. Such notice shall be by certified mail (return receipt requested).

4. In the case of applications for adoption of, or amendment of, special pool rules: Actual notice shall be given to all operators within the existing, or proposed pool boundaries and those of operators within one (1) mile of such boundaries. Such notice may be provided by regular mail.
5. In the case of applications to amend R-111-A, the Potash-Oil Area and Special Rules, actual notice shall be given to any affected potash operator or oil or gas operator or owner. Such notice shall be provided by certified mail (return receipt requested).
6. In the case of applications for approval of downhole commingling of the product of multiple formations: Actual notice shall be given to all offset operators. Such notice shall be provided by regular mail.
7. In the case of any other application which may diminish or adversely affect royalty interests: Actual notice shall be given to the applicant's royalty interest owners immediately affected. Such notice shall be provided by certified mail (return receipt requested). Any notice required by this rule shall be mailed at least 10 days prior to the date of hearing on the application.

At each hearing, the applicant shall cause to be made a matter of record, either by testimony at the hearing or by an affidavit signed by applicant or its authorized representative, that the notice provisions of this Rule 1207 have been complied with, that applicant has conducted a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice, and that pursuant to Rule 1207, notice has been given at that correct address as provided by rule. In addition, such certificate shall contain the name and address of each interested person to whom such notice was sent and, where proof of receipt is available, a copy of same.

Evidence of failure to provide notice as provided in this rule may, upon a proper showing, be considered cause for reopening the case.

RULE 1207. ADDITIONAL NOTICE REQUIREMENTS (New Rule Alternative No. 2)

Each applicant for hearing before the Division or Commission shall give additional notice to any party expected to be adversely affected by granting of the application, any party whose interest would be pooled to form a spacing or proration unit, and any of applicant's royalty owners immediately affected by the granting of the application.

The notice required by this rule shall be mailed at least 10 days prior to the date of the hearing on the application.

At each hearing, the applicant shall cause to be made a matter of record, either by testimony or by an affidavit signed by the applicant or its authorized representative, the method used in determining the parties who received the additional notice required by this rule, the names and addresses of all such parties and a statement or proof that a good faith effort has been made to notify such parties of the purpose of the application and the date and time of the hearing.

Evidence of failure to provide notice as provided in this rule may, upon a proper showing, be considered cause for reopening the case.

Docket Nos. 14-85 and 15-85 are tentatively set for May 8 and May 22, 1985. Applications for hearing must be filed at least 12 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - APRIL 22, 1985

9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following case was continued from April 3, 1985, Commission Hearing:

CASE 8224: In the matter of the hearing called by the Oil Conservation Commission on its own motion to define the vertical and areal extent of aquifers potentially vulnerable to contamination by the surface disposition of water produced in conjunction with the production of oil and gas in McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant seeks to define such areas and prohibit and/or limit the disposition of such produced waters on the surface of the ground therein at any location where such waters are produced or collected.

Docket No. 13-85

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 24, 1985

8 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 Gilbert P. Quintana, Alternate Examiner:

CASE 8561: Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Willard Unit Area comprising 7040 acres, more or less, of State, Federal and Fee lands in Townships 4 and 5 North, Range 8 East.

CASE 8562: Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Berkshire Unit Area comprising 27,840 acres, more or less, of State, Federal and Fee lands in Townships 6 and 7 North, Ranges 9 and 10 East.

CASE 8582: Application of Parabo, Inc. for amendment of Division Order No. R-5516, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5516, as amended, authorizing the water levels to be raised in Pits 2, 3, 5, 6, and 7.

CASE 8563: (This case will be continued to May 22, 1985)

Application of Cabot Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and Glorieta formations in the open-hole interval from 4583 feet to 6730 feet in the J. L. Reed Well No. 3 located 1980 feet from the North line and 1650 feet from the East line of Section 35, Township 13 South, Range 37 East.

CASE 8461: (Continued from March 13, 1985, Examiner Hearing)

Application of Alpha Twenty-One Production 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 Grayburg formation underlying the SE/4 NE/4 of Section 32, Township 18 South, Range 37 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8462: (Continued from March 13, 1985, Examiner Hearing)

Application of Alpha Twenty-One Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 3700 feet to 4000 feet in the existing Sun Exploration and Production Company Gregory "A" Well No. 3 located 660 feet from the North and West lines (Unit D) of Section 33, Township 25 South, Range 37 East.

CASE 8564: Application of the Commissioner of Public Lands for the State of New Mexico to vacate and void Division Order No. R-7817, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to vacate and void Division Order No. R-7817 which authorized TXO Production Company to pool all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East, to be dedicated to a well at an unorthodox gas well location 660 feet from the South and East lines.

CASE 8534: (Continued from April 10, 1985, Examiner Hearing) (This case will be dismissed.)

Application of A.M. Kalaf and George Kalaf for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the East Puerto Chiquito-Mancos Oil Pool underlying the SE/4 of Section 4, Township 25 North, Range 1 East, to be dedicated to a well to be drilled at 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8565: (This case will be dismissed)

Application of TXO Production Corp. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox well location 660 feet from the South and East lines of said Section 2. 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.

CASE 8552: (Continued from April 10, 1985, Examiner Hearing)

Application of J. M. Huber 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 Wolfcamp formation underlying the N/2 NW/4 of Section 8, Township 13 South, Range 36 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8471: (Continued from March 27, 1985, Examiner Hearing)

Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the determination that it Wood Gas Com "A" Well No. 1 located in the NW/4 NE/4 of Section 4, Township 31 North, Range 10 West, NMPM, Cedar Hill Fruitland Basal Coal Gas Pool, meets the NGPA well category criteria for Section 107, High Cost Occluded Gas Produced from Coal Seams, under Section 107 of the Natural Gas Policy Act of 1978.

CASE 8566: Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the determination that its Leeper Gas Com "D" Well No. 1-Y located 1500 feet from the South line and 840 feet from the West line of Section 34, Township 32 North, Range 10 West, NMPM, Cedar Hill Fruitland Basal Coal Gas Pool, meets the NGPA well category criteria set for Section 107, High Cost Occluded Gas Produced from Coal Seams, under Section 107 of the Natural Gas Policy Act of 1978.

CASE 8567: Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bone Spring production comprising the NE/4 SE/4 of Section 15, Township 18 South, Range 34 East, and the assignment of a discovery allowable in the amount of 49,235 barrels for its Tonto State 15 Well No. 1.

CASE 8568: Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising the SE/4 SE/4 of Section 32, Township 18 South, Range 35 East, and the assignment of a discovery allowable in the amount of 5,620 barrels for its Peoples State 32 Well No. 1.

CASE 8556: (Continued from April 10, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8557: (Continued from April 10, 1985, Examiner Hearing)

Application of Southland Royalty Company 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 top of the Wolfcamp formation underlying the NW/4 of Section 21, Township 16 South, Range 27 East, to form a standard 160-acre spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation (Duffield-Pennsylvanian Gas Pool inclusive) underlying the W/2 of said Section 21 to form a standard 320-acre gas spacing and proration unit within said vertical limits also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation and all mineral interests in the Duffield-Pennsylvanian Gas Pool underlying the NW/4 of said Section 21 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of said Section 21 to form a standard 320-acre gas spacing and proration unit in said formation also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. Also to be considered, in either case, 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.

CASE 8569: Application of Inexco Oil Company for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the South Humble City Strawn Pool underlying the NE/4 NE/4 of Section 14, Township 17 South, Range 37 East, to be dedicated to a well to be drilled at a standard oil well location 900 feet from the North line and 810 feet from the East line of said Section 14. Applicant further seeks an order pooling all mineral interests in the South Humble City Strawn Pool underlying the E/2 NE/4 of said Section 14 to form a standard 80-acre oil spacing and proration unit within said Pool also to be dedicated to the above-described well which is located at an unorthodox oil well location for said Pool. 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.

CASE 8570: Application of Doyle Hartman for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 160-acre gas proration unit comprising the NE/4 of Section 35, Township 22 South, Range 36 East, Jalmat Gas Pool.

CASE 8558: (Continued from April 10, 1985, Examiner Hearing)

Application of HNG Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 18, Township 24 South, Range 29 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8545: (Continued from April 10, 1985, Examiner Hearing)

Application of Myco Industries for salt water disposal, Eddy County, New Mexico.
Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.

CASE 8571: Application of Mabee Petroleum Corporation for amendment to Administrative Order DHC-36, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Administrative Order DHC-36 to include production from the Drinkard Pool to be downhole commingled with production from the Blinebry Pool and the Tubb Oil and Gas Pool in the wellbore of its Belcher "A" Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 7, Township 22 South, Range 38 East.

CASE 8572: Application of Pennzoil 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 Pennsylvanian formation underlying the S/2 of Section 30, Township 19 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 320-acre spacing, 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.

CASE 8581: Application of Pennzoil 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 Pennsylvanian formation underlying the W/2 of Section 36, Township 16 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 320-acre spacing, 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.

CASE 8573: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blanco Mesaverde and Basin Dakota Gas Pools in the wellbores of the following eight wells:

STATE "A" Well No. 113-E
1110' FSL - 950' FEL
Unit P, Section 2

Breach "B" Well No. 172-E
890' FSL - 990' FWL
Unit M, Section 7

Breach "D" Well No. 685-E
858' FSL - 927' FEL
Unit P, Section 11

Breach "C" Well No. 689
1850' FSL - 790' FWL
Unit L, Section 12

Breach "C" Well No. 689-M
920' FSL - 1100' FEL
Unit P, Section 12

Breach "C" Well No. 248
1140' FNL - 900' FEL
Unit A, Section 13

Breach "A" Well No. 229-M
1120' FNL-890' FEL
Unit A, Section 17

Breach "D" Well No. 341-M
1850' FNL - 1800' FWL
Unit F, Section 21

All in Township 26 North, Range 6 West.

CASE 3574:

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Otero Chacra, Blanco Mesaverde, and Basin Dakota Gas Pools in the wellbores of the following seven wells:

Breech "E" Well No. 68-E
1980' FSL - 660' FWL
Unit L, Section 4

Breech "E" Well No. 583-M
1925' FSL - 720' FWL
Unit L, Section 5

Breech "A" Well No. 175-E
660' FNL - 1980' FEL
Unit B, Section 8

Breech "A" Well No. 204-M
1980' FSL-660' FWL
Unit L, Section 9

Breech "A" Well No. 136-E
660' FSL - 1980' FEL
Unit O, Section 10

Breech "C" Well No. 248-E
960' FNL-850'FWL
Unit D, Section 13

Sanchez Well No. 4
990' FN and WL
Unit D, Section 25

All in Township 26 North, Range 6 West.

CASE 8575: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the South Blanco Pictured Cliffs, Otero Chacra, Blanco Mesaverde, and Basin Dakota Gas Pools in the wellbores of its State "B" Well No. 233 located 1145 feet from the North line and 980 feet from the West line (Unit D) of Section 16, and its Sanchez Well No. 1 located 560 feet from the North line and 660 feet from the West line (Unit D) of Section 24, both in Township 26 North, Range 6 West.

CASE 8533: (Continued from March 27, 1985, Examiner Hearing)

Application of Ike Lovelady, Inc. for HARSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Sam H. Snoddy Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 26, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8576: Application of Northwest Pipeline Corporation for HARSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 89 located 2300 feet from the South line and 1830 feet from the West line (Unit K) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8577: Application of Northwest Pipeline Corporation for HARSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8578: Application of Northwest Pipeline Corporation for HARSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 88 located 2450 feet from the North line and 1850 feet from the East line (Unit G) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

- CASE 8579: Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit well No. 90 located 1180 feet from the South line and 1750 feet from the West line (Unit N) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8583: Application of Dugan Production Corporation for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 400 feet from the South and West lines (Unit M) of Section 22, Township 27 North, Range 13 West, NMPM, Gallegos-Gallup Associated Pool, the S/2 SW/4 of said Section 22 to be dedicated to the well.
- CASE 8584: Application of Maralo, Inc. for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Maralo Jalmat Yates Unit Waterflood Project by converting to injection its Maralo Jalmat Yates Unit well Nos. 1 and 2 located in Unit I and J, respectively, of Section 12, Township 25 South, Range 36 East.
- CASE 8585: Application of Union Oil Company of California for an exception to Division Order No. R-2212, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the North Anderson Ranch Wolfcamp Pool as promulgated by Division Order No. R-2212, to authorize an unorthodox oil well location for its Brown State Unit Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 28, Township 15 South, Range 32 East, the W/2 NE/4 of said Section 28 to be dedicated to said well.
- CASE 8580: Application of Texaco Producing, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 18, Township 24 South, Range 29 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Dockets Nos. 11-85 and 12-85 are tentatively set for April 10 and April 24, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 27, 1985

8:00 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 Gilbert P. Quintana, Alternate Examiner:

CASE 8484: (Continued from February 27, 1985, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit La Jet, Inc., the Travelers Indemnity Company, and all other interested parties to appear and show cause why the La Jet, Inc. State Well No. 1 located 660 feet from the South line and 2310 feet from the West line of Section 16, Township 21 South, Range 34 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8530: Application of Reading & Bates Petroleum Co. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the North Tocito Dome-Pennsylvanian Associated Pool in the perforated interval from approximately 6382 feet to 6386 feet in its Navajo Tocito Well No. 4 located 1963 feet from the South line and 997 feet from the West line of Section 10, Township 26 North, Range 18 West.

CASE 8531: Application of Metex Pipe & Supply Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2970 feet from the South line and 1270 feet from the West line of Section 4, Township 16 South, Range 31 East, North Square Lake Grayburg-San Andres Pool, Lot 13, (Unit M) of said Section 4 to be dedicated to the well.

CASE 8532: Application of Fred G. Yates, 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 Baum-Upper Pennsylvanian Pool underlying the SW/4 of Section 13, Township 13 South, Range 32 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8533: Application of Ike Lovelady, Inc. for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Sam H. Snoddy Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 26, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8509: (Continued from March 13, 1985, Examiner Hearing)

Application of TXO Production Corporation 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 top of the Wolfcamp formation to the base of the Strawn formation underlying the E/2 of Section 14, Township 22 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit, to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North line and 1980 feet from the East line of said Section 14. 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.

CASE 8429: (Readvertised)

Application of Exxon Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Cruz-Delaware Pool by the injection of water into the Ramsey Sand member of the Bell Canyon formation through its New Mexico State "EF" Well No. 3 located 990 feet from the South line and 330 feet from the West line of Section 17, Township 23 South, Range 33 East.

- CASE 8534: Application of A. M. Kalaf and George Kalaf for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the East Puerto Chiquito-Mancos Oil Pool underlying the SE/4 of Section 4, Township 25 North, Range 1 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 8535: Application of Slayton Oil Corporation for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 70.5-acre, more or less, non-standard proration unit comprising Lots 8 and 9 of Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool.
- CASE 8510: (Continued from March 13, 1985, Examiner Hearing)
- Application of Santa Fe Energy 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 990 feet from the North line and 660 feet from the West line (Unit D) of Section 25, Township 22 South, Range 27 East, to test the Wolfcamp, Strawn and Morrow formations, the W/2 of said Section 25 to be dedicated to the well.
- CASE 8519: (Continued from March 13, 1985, Examiner Hearing)
- Application of ARCO Oil and Gas Co. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Upper Pennsylvanian production comprising the E/2 NW/4 of Section 35, Township 17 South, Range 29 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre well spacing and proration units and special well location requirements.
- CASE 8536: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1190 feet from the South line and 1840 feet from the East line of Section 13, Township 28 North, Range 13 West, Totah-Gallup Oil Pool, the S/2 SE/4 of said Section 13 to be dedicated to the well.
- CASE 8537: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1010 feet from the North line and 1450 feet from the West line of Section 24, Township 28 North, Range 13 West, Cha Cha-Gallup Oil Pool, the N/2 NW/4 of said Section 24 to be dedicated to the well.
- CASE 8538: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1190 feet from the South and West lines of Section 25, Township 28 North, Range 13 West, Cha Cha-Gallup Oil Pool, the S/2 SW/4 of said Section 25 to be dedicated to the well.
- CASE 8539: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1080 feet from the South line and 1110 feet from the East line of Section 35, Township 28 North, Range 13 West, Cha Cha-Gallup Oil Pool, the S/2 SE/4 of said Section 35 to be dedicated to the well.
- CASE 8540: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1460 feet from the North and East lines of Section 32, Township 28 North, Range 12 West, Cha Cha-Gallup Oil Pool, the S/2 NE/4 of said Section 32 to be dedicated to the well.
- CASE 8541: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1110 feet from the South line and 940 feet from the West line of Section 36, Township 28 North, Range 13 West, Cha Cha-Gallup Oil Pool, the S/2 SW/4 of said Section 36 to be dedicated to the well.
- CASE 8542: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 820 feet from the South line and 920 feet from the East line of Section 29, Township 28 North, Range 12 West, Cha Cha-Gallup Oil Pool, the S/2 SE/4 of said Section 29 to be dedicated to the well.

- CASE 8543: Application of Amoco Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1050 feet from the South line and 1090 feet from the East line of Section 5, Township 27 North, Range 12 West, Gallup formation, the SE/4 SE/4 (Unit P) of said Section 5 to be dedicated to the well.
- CASE 8544: Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 515 feet from the South line and 770 feet from the East line of Section 14, Township 28 North, Range 13 West, Basin-Dakota Pool, the S/2 of said Section 14 to be dedicated to the well.
- CASE 8471: (Continued from January 30, 1985, Examiner Hearing)(This Case will be continued to April 24, 1985)
- Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the determination that its Wood Gas Com "A" Well No. 1 located in the NW/4 NE/4 of Section 4, Township 31 North, Range 10 West, NMPM, Cedar Hill Fruitland Basal Coal Gas Pool, meets the NGPA well category criteria for Section 107, High Cost Occluded Gas Produced from Coal Seams, under Section 107 of the Natural Gas Policy Act of 1978.
- CASE 8476: (Reopened and Readvertised)
- Application of Cavalcade Oil 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 Wolfcamp formation underlying the SW/4 NW/4 of Section 18, Township 12 South, Range 38 East, to be dedicated to a well to be re-entered or, in the alternative, to a new well to be drilled, either well to be located at a standard location thereon. Also to be considered will be the cost of re-entering or drilling and completing a 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.
- CASE 8521: (Continued from March 13, 1985, Examiner Hearing)
- Application of Cavalcade Oil 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 Wolfcamp formation underlying the NW/4 SW/4 of Section 18, Township 12 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 8503: (Continued and Readvertised)
- Application of Yates Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 35, Township 15 South, Range 36 East, Dean-Devonian Pool, the W/2 SE/4 of said Section 35 to be dedicated to the well.
- CASE 8545: Application of Myco Industries for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.
- CASE 8512: Continued and Readvertised)
- Application of Gary-Williams Oil Producer for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Tayler "32" Well No. 6 located 1789 feet from the North line and 2107 feet from the West line of Section 32, Township 21 North, Range 3 West, Rio Puerco-Mancos Oil Pool, the W/2 of said Section 32 to be dedicated to the well.
- CASE 8525: Continued from March 13, 1985, Examiner Hearing)
- Application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cha Cha-Gallup Oil Pool in the perforated interval from 5492 feet to 5824 feet in its Southeast Cha Cha Unit Well No. 37 located 550 feet from the South line and 2100 feet from the East line (Unit O) of Section 15, Township 28 North, Range 13 West.

- CASE 8546: Application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Gallup formation in the perforated interval from approximately 5684 feet to 5706 feet in its S.E. Cha Cha Unit Well No. 16 located 1980 feet from the North line and 660 feet from the East line of Section 17, Township 28 North, Range 13 West.
- CASE 8547: Application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Gallup formation in the perforated interval from approximately 5689 feet to 5696 feet in its S.E. Cha Cha Unit Well No. 34 located 1980 feet from the North and West lines of Section 22, Township 28 North, Range 13 West.
- CASE 8548: Application of Hicks Oil & Gas, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Gallup formation in the perforated interval from approximately 5623 feet to 5627 feet in its S.E. Cha Cha Unit Well No. 20 located 1980 feet from the North and West lines of Section 17, Township 28 North, Range 13 West.
- CASE 8549: (This Case will be Dismissed)
- Application of Clements Energy, 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 Tres Papalotes-Pennsylvanian Pool underlying the SE/4 of Section 8, Township 15 South, Range 34 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 8468: (Continued from February 27, 1985 Examiner Hearing)
- Application of Damson Oil Corporation for certain findings for an infill well in San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order determining that the Getty Oil Company (Texaco Inc.) operated Mexico Federal "K" Well No. 1-E located 1190 feet from the South line and 2020 feet from the West line of Section 8, Township 28 North, Range 10 West, NMPM, Basin-Dakota Pool, the previously approved 319.67-acre non-standard gas proration unit comprising Lots 1, 2, and 3, the SE/4 SW/4 and the S/2 SE/4 of partial Section 8 and Lots 3 and 4 and the S/2 SW/4 of partial Section 9, both in Township 28 North, Range 10 West, dedicated to the subject well in which Damson Oil Corporation owns an interest; is an authorized "infill well" within a designated pool where a second well on an established gas proration and drilling unit is necessary to recover additional gas from the pool; was drilled for the purpose of increasing the recovery of gas from the pool; and the operator has done nothing to restrict the ability of the original well in the above-described proration unit to produce into the pipeline; and, further, that said well is exempt from the provisions of the New Mexico Natural Gas Pricing Act (62-7-1 through 62-7-10, NMSA, 1978) pursuant to Laws of 1984, Chapter 123, Section 13.B.
- CASE 8469: (Continued from February 27, Examiner Hearing)
- Application of Damson Oil Corporation for certain findings for an infill well in San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order determining that the Mesa Petroleum Co. operated McLeod Well No. 2-E located 1530 feet from the North line and 930 feet from the West line of Section 34, Township 28 North, Range 10 West, NMPM, Basin-Dakota Pool, the S/2 of said Section 34 dedicated to the subject well in which Damson Oil Corporation owns an interest; is an authorized "infill well" within a designated pool where a second well on an established gas proration and drilling unit is necessary to recover additional gas from the pool; was drilled for the purpose of increasing the recovery of gas from the pool; and the operator has done nothing to restrict the ability of the original well in the above-described proration unit to produce into the pipeline; and, further, that said well is exempt from the provisions of the New Mexico Natural Gas Pricing Act (62-7-1 through 62-7-10, NMSA, 1978) pursuant to laws of 1984, Chapter 123, Section 13.B.
- CASE 8550: Application of R. N. Ainsworth 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 Halvey Energy Company State Well No. 1 located 2310 feet from the South line and 660 feet from the West line (Unit L) of Section 30, Township 12 South, Range 38 East.
- CASE 8323: (Reopened)
- In the matter of Case No. 8323 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Division Order No. R-7693-A, which order granted Yates Petroleum Corporation 45 days in which to determine if the Pan American Flint Gas Com Well No. 1 located 1980 feet from the South and East lines of Section 22, Township 18 South, Range 26 East, is capable of commercial oil and gas production. Yates Petroleum Corporation may appear and show cause why said Pan American Flint Gas Com Well No. 1 should not be utilized as a salt water disposal well.

CASE 8551: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, discovery allowable assignment, and extending certain pools in Lea, Roosevelt and Chaves Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Southwest Austin-Mississippian Gas Pool. The discovery well is the Harvey E. Yates Company Goodrich Unit Well No. 1 located in Unit J of Section 11, Township 15 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 11: E/2

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Austin-Pennsylvanian Pool. The discovery well is the Adobe Oil and Gas Corporation State 16 Well No. 1 located in Unit M of Section 16, Township 14 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM

Section 16: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Atoka production and designated as the Bagley-Atoka Pool. Further, assign approximately 51,855 barrels of discovery allowable to the discovery well, the Petrus Operating Company State A Well No. 1 located in Unit K of Section 34, Township 11 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 34: SW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Hobbs Channel-Bone Spring Pool. The discovery well is the Harvey E. Yates Company Howry 25 Well No. 1 located in Unit E of Section 25, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 25: NW/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Osudo-Wolfcamp Pool. The discovery well is the Amoco Production Company Best Well No. 1 located in Unit G of Section 23, Township 20 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 23: NE/4

- (f) CONTRACT the Rhodes-Yates-Seven Rivers Gas Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 21: W/2 NW/4

- (g) EXTEND the Rhodes-Yates-Seven Rivers Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 21: W/2 NW/4

- (h) EXTEND the Air Strip-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 15: SE/4

Section 22: E/2

- (i) EXTEND the East Brunson-McKee Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 25: NW/4

- (j) EXTEND the North Chaveroo-Permo Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM

Section 10: SE/4

- (k) EXTEND the East Grama Ridge-Strawn Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 10: E/2

- (l) EXTEND the Hardy-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 2: Lots 3, 4, 5, and 6

Section 3: Lots 1, 2, 7, and 8

- (m) EXTEND the North King-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM

Section 3: NW/4

- (n) EXTEND the Lea-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: E/2

- (o) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 9: S/2 and NE/4

- (p) EXTEND the East Paduca-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM

Section 23: NE/4

- (q) EXTEND the Quail-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 18: NW/4

- (r) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM

Section 6: SE/4

- (s) EXTEND the Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 16: SW/4

Docket No. 10-85

DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 3, 1985

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

CASE 8224: (Continued from February 20, 1985, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to define the vertical and areal extent of aquifers potentially vulnerable to contamination by the surface disposition of water produced in conjunction with the production of oil and gas in McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant seeks to define such areas and prohibit and/or limit the disposition of such produced waters on the surface of the ground therein at any location where such waters are produced or collected.