

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8864 (DE NOVO)
Order No. R-8223-B

APPLICATION OF SUNTEX ENERGY
CORPORATION TO VACATE OR MODIFY
DIVISION ORDER NO. R-8223
ENTERED IN SAID CASE 8864, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on March 17, 1988, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of April, 1988, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The matter came on for hearing at 8:15 a.m. on September 9, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner and, pursuant to that hearing, Order No. R-8223-A was issued on December 9, 1987, which denied Suntex Energy Corporation's application to vacate or modify Division Order No. R-8223.

(3) On January 11, 1988, application for Hearing De Novo was made by Suntex Energy Corporation and Alana Oil and Gas Corporation and the matter was set for hearing before the Commission.

(4) The matter came on for hearing de novo on March 17, 1988.

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Case No. 8864 (De Novo)
Order No. R-8223-B

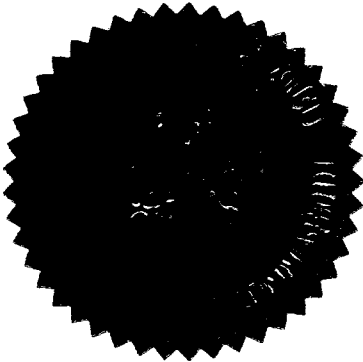
(5) No appearance was made by the applicants at said hearing.

(6) Case No. 8864 (De Novo) should be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) Case No. 8864 (De Novo) is hereby dismissed and Order No. R-8223-A is hereby continued in full force and effect.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



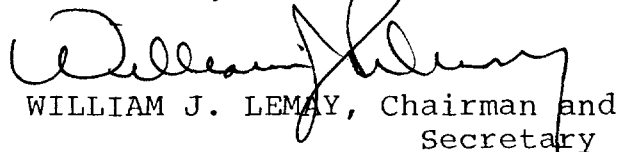
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



WILLIAM R. HUMPHRIES, Member



ERLING A. BROSTUEN, Member



WILLIAM J. LEMAY, Chairman and
Secretary

S E A L

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Dockets Nos. 10-88 and 11-88 are tentatively set for March 30 and April 13, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 16, 1988

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

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

ALLOWABLE: 1. Consideration of the allowable production of gas for April, 1988, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

2. Consideration of the allowable production of gas for April, 1988, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9328: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Division Order No. R-3221, which prohibits disposal of water produced in conjunction with the production of oil or gas on the surface of the ground, or in any other place or manner which will constitute a hazard to fresh water supplies in the area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, to adopt standardized procedures for hearing such applications.

CASE 9322: (Continued from March 2, 1988, Examiner Hearing)

Application of Metex Pipe and Supply for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its State "P" Well No. 3 to be drilled 100 feet from the North line and 1520 feet from the East line (Unit B) of Section 24, Township 21 South, Range 34 East, Wilson Yates-Seven Rivers Pool, the NW/4 NE/4 of said Section 24 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. Said location is approximately 1 mile south of NM 176 at Milepost 27.4

CASE 9308: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the S/2 of said Section 23 to be dedicated to the well. Said location is approximately 4.5 miles east-northeast from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9309: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the North line and 1980 feet from the East line of Section 34, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the N/2 of said Section 34 to be dedicated to the well. Said location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9321: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the N/2 of Section 34, Township 2 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Said well is to be drilled at a proposed unorthodox gas well location (to be considered in Case 9309) 330 feet from the North line and 1980 feet from the East line (Unit B) of said Section 34. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9329: Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 26, Township 9 South, Range 26 East, to test all formations and/or pools developed on 320-acre spacing from the base of the Abo formation to the base of the Montoya formation, the N/2 of said Section 26 to be dedicated to said well. Said location is approximately 7.75 miles Southeast by East of the Pecos River Bridge on U.S. Highway 70.

Examiner Hearing - Wednesday - March 16, 1988

CASE 9330: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 13, Township 20 South, Range 29 East, to test the Undesignated East Burton Flat-Strawn Gas Pool, the Undesignated Getty-Morrow Gas Pool, and the Cisco, Canyon, and Atoka formations, the W/2 of said Section 13 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said zones. Said location is approximately 3.5 miles North-Northwest of the junction of U.S. Highway 62/180 and State Highway 31.

CASE 9318: (Continued from March 2, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 2, 1988, Examiner Hearing)

Application of Yates Drilling Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen Unit Area. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of the credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 9295: (Continued from February 17, 1988, Examiner Hearing)

Application of Hixon Development Company for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Gavilan-Nancos Oil Pool as promulgated by Division Order No. R-7407, as amended, to form a non-standard 320-acre oil spacing and proration unit comprising the E/2 of Section 26, Township 26 North, Range 2 West, to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9310: (Readvertised)

Application of Sun Exploration and 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the following described acreage in Section 26, Township 18 South, Range 33 East, in the following described manner:

The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

The S/2 NW/4 to form a standard 80-acre oil spacing and proration unit in the Undesignated EK-Bone Spring Pool; and

The SE/4 NW/4 to form a statewide standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above-described units are to be dedicated to a well to be drilled at a standard location in the SE/4 NW/4 (Unit F) of said Section 26.

Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 6 miles west of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

Examiner Hearing - Wednesday - March 16, 1988

CASE 9326: (Continued from March 2, 1988, Examiner Hearing)

Application of Sun Exploration and Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 26, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Sun Exploration and Production Company Wildfire Well No. 1 located 900 feet from the South line and 1650 feet from the West line (Unit N) of said Section 26 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the method for cost allocation and participation thereof as well as actual operating costs and charges for supervision. Applicant further requests that Sun Exploration and Production Company remain as operator of the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. Said well is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9323: (Continued from March 2, 1988, Examiner Hearing)

Application of Ralph E. Williamson for a non-standard oil proration unit and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 56.19-acre non-standard oil spacing and proration unit comprising Lots 8 and 9 of Section 35, Township 26 South, Range 29 East, Brushy Draw-Delaware Pool, to be simultaneously dedicated to its Stateline Federal Well No. 1 located in Lot 8 and to its Stateline Federal Well No. 2 to be located at a previously approved unorthodox location 610 feet from the South line and 990 feet from the West line in Lot 9 of said Section 35. Said unit is located approximately 1 mile east of where the Pecos River crosses the New Mexico/Texas Stateline.

CASE 9331: Application of Phillips Petroleum Company for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 22, Township 17 South, Range 35 East, to test the South Shoe Bar-Atoka Gas Pool and the Morrow formation, said well to be dedicated either to a 160-acre non-standard gas proration and spacing unit consisting of the N/2 SW/4 and W/2 NW/4 of said Section 22, or in the alternative, to an 80-acre non-standard gas proration and spacing unit consisting of the W/2 NW/4 of said Section 22. Said location is approximately 3.5 miles Northeast by East of Buckeye, New Mexico.CASE 9327: (Continued from March 2, 1988, Examiner Hearing)

Application of Dugan Production Corporation for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land or, in the alternative, for a non-standard 320-acre oil proration unit in said pool and compulsory pooling therein, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 22, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the Amoco Production Company Seifert Gas Com "A" Well No. 1 located 940 feet from the South line and 990 feet from the east line (Unit P) of said Section 22 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and dedicated to a previously approved 320-acre non-standard oil spacing and proration unit (see Rule 2(a) as promulgated by Division Order No. R-7407-E) underlying the E/2 of said Section 22. Also to be considered will be the cost of participation in the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Applicant further requests that Amoco Production Company remain as operator of the well and that the effective date of any order issued in the case be made retroactive to June 8, 1987. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying the W/2 of said Section 22, thereby forming a non-standard 320-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in this particular matter 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 the applicant as operator of the well and unit and a charge for risk involved in drilling said well. This area is located approximately 11 miles north of Lindrith, New Mexico.

CASE 9332: Application of Terra Resources, Inc. for compulsory pooling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow Formation underlying the E/2 of Section 22, Township 14 South, Range 27 East, Undesignated Springer Basin Atoka-Morrow Gas Pool, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to a well to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22. 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 the risk involved in drilling said well. Said location is approximately 6.5 miles East-Southeast of Hagerman, New Mexico.

CASE 9333: Application of Terra Resources, Inc. for compulsory pooling, unorthodox gas well location, and an exception to special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow Formation underlying the N/2 of Section 22, Township 15 South, Range 27 East, Undesignated Buffalo Valley-Pennsylvanian Gas Pool, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to a well to be drilled at an unorthodox gas well location 1650 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. Applicant further seeks exception to the special rules for the Buffalo Valley-Pennsylvanian Gas Pool for the completion of its well in the NE/4 of Section 22 at said unorthodox location. 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 the risk involved in drilling said well. Said location is approximately 10 miles Southeast of Hagerman, New Mexico.

CASE 9334: Application of Union Texas Petroleum for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non standard oil proration unit comprising the N/2 SW/4 of Section 2, Township 25 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, to be dedicated to its McCroden "C" Well No. 1 located at a standard location 2146 feet from the South line and 1650 feet from the West line (Unit K) of said Section 2. Said well is located approximately 1.75 miles West by South of the Ojito Post Office.

CASE 8371: (Readvertised)
In the matter of Case No. 8371 being reopened pursuant to the provisions of Division Order No. R-7783 which promulgated temporary special rules and regulations for the Burton Flat-Upper Strawn Pool, Eddy County, New Mexico, including a provision for 160-acre spacing units. Operators is the subject pool may appear and show cause why the Burton Flat-Upper Strawn Pool should not be developed on 40-acre proration units.

CASE 9294: (Readvertised)
Application of Nearburg Producing Company for compulsory pooling, unorthodox gas well location, and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Four Mile Draw-Morrow Gas Pool underlying Lots 1 and 2, the E/2 NW/4, and the NE/4 of Section 7, Township 19 South, Range 26 East, to form a non-standard 318.85-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 11 miles south of Artesia, New Mexico.

CASE 9314: (Continued from March 2, 1988, Examiner Hearing)
Application of Nearburg Producing Company to Amend Division Order No. R-6933, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to re-enter and deepen to the Morrow formation the Santa Fe Exploration Company Gulf Com. Well No. 1 located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 14, Township 20 South, Range 25 East, previously approved by Division Order No. R-6933, as amended. Applicant also seeks to rescind the production limitation factor provisions of said Order. This well is located approximately 5.5 miles west by south of Seven Rivers, New Mexico.

CASE 9324: (Continued from March 2, 1988, Examiner Hearing)
Application of Amoco Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos Oil Pool underlying Lots 3 and 4, S/2 NW/4, and SW/4 of Section 5 and all of Section 6, both in Township 25 North, Range 2 West, which is a non-standard oil spacing and proration unit for said pool previously approved by Division Order No. R-8268. Said unit is to be dedicated to its Hill Trust Federal Com. Well No. 1 to be drilled at a standard location 1660 feet from the North line and 1680 feet from the West line (Unit F) of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 3/4 of a mile west of the Ojito Post Office.

CASE 9272: (Continued from March 2, 1988, Examiner Hearing)
In the matter of Case No. 9272 being reopened upon application of Arco Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

Docket No. 9-88

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 17, 1988

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

The following cases were continued from the February 18, 1988, Commission Hearing:

CASE 9111: Application of Benson-Montin-Greer Drilling Corporation for the expansion of the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project Area, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project Area as promulgated by Division Order No. R-3401, as amended, to include certain lands in Townships 24, 25, and 26 North, Range 1 West. The center of this area is located approximately 25 miles north of Cuba, New Mexico.

CASE 9073: (De Novo)

Application of Mallon Oil Company for the reinstatement of oil production allowables and an exception to the provisions of Division General Rule 502 for certain wells located in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order reinstating the oil allowables which should have been assigned to the following described wells, all in Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool, for the months of January, February, March and April, 1986. Applicant further seeks an exemption to the provisions of Division General Rule 502 which limit the period of time an operator is given to make up any over-production of oil and casinghead gas:

Howard Federal "1" Well No. 8 located in Unit H of Section 1;
Howard Federal "1" Well No. 11 located in Unit K of Section 1;
Fisher Federal "2" Well No. 1 located in Unit A of Section 2;
Ribeyowids Federal "2" Well No. 16 located in Unit P of Section 2; and,
Johnson Federal "12" Well No. 5 located in Unit E of Section 12.

The aforementioned wells are located in an area approximately 9 miles north by east of Lindrith, New Mexico. Upon application of Mallon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8863: (De Novo)

In the matter of Case 8863 being reopened upon application of Alana Oil and Gas Corporation to vacate or modify Division Order No. R-8210 entered in said Case 8863, Rio Arriba County, New Mexico. Applicant seeks to complete or recompleat the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8210:

Samantha Well No. 1 located 1580' FSL - 1202' FWL (Unit L),
Samantha Well No. 2 located 1985' FSL - 2290' FWL (Unit K),
Samantha Well No. 3 located 1105' FSL - 2490' FWL (Unit N),

all in Section 26, Township 28 North, Range 1 East; and

Commission Hearing - Thursday - March 17, 1988

Alana Well No. 1 located 511' FSL - 2144' FWL (Unit N) of Section 11, Township 27 North, Range 1 East.

All of the above-described locations are projections of the U.S. Geological Survey into the unsurveyed Tierra Amarilla Land Grant. These wells are all located in an area approximately 2 to 3 miles west of the southern end of the El Vado Reservoir.

Upon application of Suntex Energy Corporation and Alana Oil and Gas Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

✓ CASE 8864: (De Novo)

In the matter of Case 8864 being reopened upon the application of Suntex Energy Corporation to vacate or modify Division Order No. R-8223 entered in said Case 8864, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplete the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8223:

Suntex Well No. 1 located 1824' FNL - 570' FWL (Unit E) of Section 26,
Suntex Well No. 2 located 660' FSL - 365' FEL (Unit P) of Section 22,
Suntex Well No. 3 located 1858' FNL - 1800' FWL (Unit F) of Section 14,
Suntex Well No. 4 located 935' FNL - 1650' FWL (Unit C) of Section 23,
Suntex Well No. 5 located 2004' FSL - 2310' FWL (Unit K) of Section 11, and
Suntex Well No. 6 located 1980' FSL - 660' FWL (Unit L) of Section 23,

all in Township 28 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant and are located in an area approximately 2 to 3 miles west of the northern end of the El Vado Reservoir.

Upon application of Suntex Energy Corporation and Alana Oil and Gas Corporation, this application will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9074: (De Novo)

In the matter of Case 9074 being reopened upon application of Suntex Energy Corporation to vacate or modify Division Order No. R-8404 entered in said Case 9074, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplete the following wells formerly operated by Texas Rose Petroleum, Inc. which were ordered plugged pursuant to the provisions of said Order No. R-8404:

Well No. 1 located 1824' FSL - 1778' FEL (Unit J) of Section 14,
Well No. 2 located 618' FSL - 2418' FWL (Unit N) of Section 14,
Well No. 3 located 967' FSL - 2148' FWL (Unit N) of Section 11,
Well No. 7 located 990' FSL - 2310' FEL (Unit O) of Section 14, and
Well No. 8 located 2310' FS and WL (Unit K) of Section 14,

all on the El Poso Ranch Lease in Township 28 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant and are located in an area approximately 2 to 3 miles west of the northern end of the El Vado Reservoir.

Upon application of Suntex Energy Corporation and Alana Oil and Gas Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 8864 (REOPENED)
ORDER NO. R-8223-A

IN THE MATTER OF CASE 8864 BEING
REOPENED UPON THE APPLICATION OF
SUNTEX ENERGY CORPORATION TO
VACATE OR MODIFY DIVISION ORDER
NO. R-8223 ENTERED IN SAID CASE
8864, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1987, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 9th day of December, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing this case was consolidated with Reopened Cases Nos. 8863 and 9074 for the purpose of testimony.

(3) By Order No. R-8223, issued in Case No. 8864 and dated May 19, 1986, the Division ordered Suntex Energy Corporation, as the owner and operator, and Fidelity and Deposit Company of Maryland, as the surety on the plugging bonds, to either plug and abandon or recomplete as producers the following described wells in Township 28 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, by June 30, 1986:

Suntex Well No. 1

1824 feet from the North line and 570 feet from the West line (Unit E) of Section 26;

Suntex Well No. 2

660 feet from the South line and 365 feet from the East line (Unit P) of Section 22;

Suntex Well No. 3
1858 feet from the North line and 1800 feet from the West line (Unit F) of Section 14;

Suntex Well No. 4
935 feet from the North line and 1650 feet from the West line (Unit C) of Section 23;

Suntex Well No. 5
2004 feet from the South line and 2310 feet from the West line (Unit K) of Section 11; and

Suntex Well No. 6
1980 feet from the South line and 660 feet from the West line (Unit L) of Section 23.

(4) Subsequent to the original hearing date in this case (April 2, 1986) and prior to June 30, 1986 no effort by the operator to either recompleate or complete the subject wells as producers was made, therefore, pursuant to the provisions of said Order No. R-8223 it became necessary for the Division's Aztec District Office to take the necessary steps to properly plug and abandon the subject wells.

(5) At this time the applicant, Suntex Energy Corporation, seeks to either vacate or modify said Order No. R-8223 so that it may be allowed to either complete or recompleate the subject wells as producers.

(6) At the time of this hearing the applicant failed to present adequate testimony or evidence to show that it presently has sufficient capital to operate the subject wells.

(7) The applicant also failed to present sufficient evidence to support a finding that the subject wells could be operated in a prudent manner.

(8) Further delay in plugging the subject wells could increase the risk of waste occurring, correlative rights being violated, or the contamination of fresh waters.

(9) This application should therefore be denied and Division Order No. R-8223 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The application of Suntex Energy Corporation to vacate or modify Division Order No. R-8223, dated May 19, 1986,

so that they may be allowed to either complete or recomplete the following described wells as producers:

Suntex Well No. 1
1824 feet from the North line and 570 feet from the West line (Unit E) of Section 26;

Suntex Well No. 2
660 feet from the South line and 365 feet from the East line (Unit P) of Section 22;

Suntex Well No. 3
1858 feet from the North line and 1800 feet from the West line (Unit F) of Section 14;

Suntex Well No. 4
935 feet from the North line and 1650 feet from the West line (Unit C) of Section 23;

Suntex Well No. 5
2004 feet from the South line and 2310 feet from the West line (Unit K) of Section 11; and

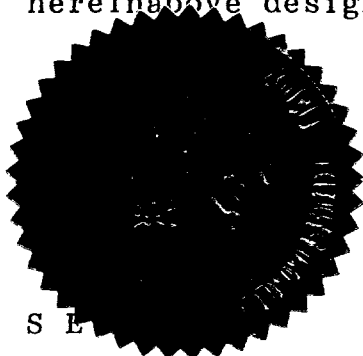
Suntex Well No. 6
1980 feet from the South line and 660 feet from the West line (Unit L) of Section 23,

all in Township 28 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, is hereby denied.


(2) Said Order No. R-8223 shall remain in full force and effect.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO.8864
Order No. R-8223

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION DIVISION ON ITS OWN MOTION
TO PERMIT SUNTEX ENERGY CORPORATION, FIDELITY
AND DEPOSIT COMPANY OF MARYLAND, AND OTHER
INTERESTED PARTIES TO APPEAR AND SHOW CAUSE
WHY SIX CERTAIN WELLS IN TOWNSHIP 28 NORTH,
RANGE 1 EAST, RIO ARriba COUNTY, NEW MEXICO,
SHOULD NOT BE PLUGGED AND ABANDONED IN
ACCORDANCE WITH A DIVISION APPROVED PLUGGING
PROGRAM

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 2, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of May, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing Division Cases Nos. 8862, 8863, and 8864 were consolidated for purposes of testimony.

(3) Suntex Energy Corporation is the owner and operator of the following described wells all in Township 28 North, Range 1 East, NMPM, Rio Arriba County, New Mexico.

Suntex Well No. 1
1824 feet from the North line and 570 feet from the West line (Unit E) of Section 26;

Suntex Well No. 2
660 feet from the South line and 365 feet from the East line (Unit P) of Section 22;

Suntex Well No. 3

1858 feet from the North line and 1800 feet from the West line (Unit F) of Section 14;

Suntex Well No. 4

935 feet from the North line and 1650 feet from the West line (Unit C) of Section 23;

Suntex Well No 5

2004 feet from the South line and 2310 feet from the West line (Unit K) of Section 11; and,

Suntex Well No. 6

1980 feet from the South line and 660 feet from the West line (Unit L) of Section 23.

(4) Fidelity and Deposit Company of Maryland is the surety on each of the Oil Conservation Division one well plugging bonds issued on the above-described wells.

(5) The purpose of said bond is to assure the state that the subject wells will be properly plugged and abandoned when they are no longer capable of commercial production.

(6) The current condition of each of said wells is such that waste may occur, correlative rights may be violated or fresh waters may be contaminated if action is not taken to properly plug and abandon the same or return them to production.

(7) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the above-described wells should be plugged and abandoned in accordance with a program approved by the Aztec District Office of the New Mexico Oil Conservation Division on or before June 30, 1986, or the wells should be returned to active drilling status or placed on production.

IT IT THEREFORE ORDERED THAT:

(1) Suntex Energy Corporation and Fidelity and Deposit Company of Maryland are hereby ordered to plug and abandon the following described wells in Township 28 North, Range 1 East, NMPM, Rio Arriba County, New Mexico on or before June 30, 1986.

Suntex Well No. 1

1824 Feet from the North line and 570 feet from the West line (Unit E) of Section 26;

Suntex Well No. 2

660 feet from the South line and 365 feet from the East line (Unit P) of Section 22;

Suntex Well No. 3

1858 feet from the North line and 1800 feet from the West line (Unit F) of Section 14;

Suntex Well No. 4

935 feet from the North line and 1650 feet from the West line (Unit C) of Section 23;

Suntex Well No. 5

2004 feet from the South line and 2310 feet from the West line (Unit K) of Section 11; and,

Suntex Well No. 6

1980 feet from the South line and 660 feet from the West line (Unit L) of Section 23.

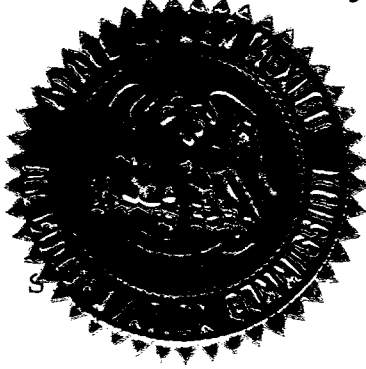
(2) Suntex Energy Corporation and/or Fidelity and Deposit Company of Maryland, prior to plugging and abandoning the above-described wells, shall obtain from the Aztec District Office of the Division, a Division-approved program for said plugging and abandoning, and shall notify the Aztec Office of the date and hour said work is to be commenced so that the Division may witness such work.

(3) In the alternative, the Supervisor of the Division's district office at Aztec may permit any of said wells to be completed or recompleted as a producer provided that an acceptable plan for such work is filed with the district office prior to June 30, 1986, and provided that such work shall be completed within 180 days following entry of this order.

(4) Any such well failing to be completed or recompleted within such time period shall be plugged and abandoned as provided above within 60 days following the close of said 180 days following entry of this order.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets", written over a horizontal line.

R. L. STAMETS,
Director