

Dockets Nos. 14-86 and 15-86 are tentatively set for April 30 and May 14, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1986
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 May, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for May, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8871: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Veno Energy and other interested parties to appear and show cause why their authority under Order No. R-7596 to operate an oil treating plant located in the NW/4 NE/4 of Section 23, Township 16 South, Range 35 East, Lea County, New Mexico, should not be cancelled and why the site of such plant should not be reclaimed.

CASE 8872: Application of HNG Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Queen Lake Unit Agreement comprising 1917.2 acres, more or less, of Federal, State, and Fee lands in Section 36, Township 24 South, Range 28 East and Sections 31 and 32, Township 24 South, Range 29 East.

CASE 8873: Application of Exxon Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware and Bone Spring formations underlying the NW/4 SW/4 of Section 27, Township 22 South, Range 26 East, forming a 60-acre standard oil spacing and proration unit in both zones. Applicant further seeks an order pooling all mineral interests in the Canyon, Strawn, Atoka, and Morrow formations underlying the W/2 of said Section 27, to form a standard 320-acre gas spacing and proration unit, both aforementioned units to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 27. 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 8874: Application of Union Texas Petroleum Corporation for Pool Reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules therefor.

CASE 8848: (Continued from March 5, 1986, Examiner Hearing)

Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following three wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
- 2) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,
- 3) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

CASE 8875: Application of Arco Oil & Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinbry, Drinkard, and Wantz-Abo Pools in the wellbore of its S. J. Sarkeys Well No. 3 located 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 23, Township 21 South, Range 37 East.

CASE 8870: (Continued from April 2, 1986, Examiner Hearing)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

CASE 8030: (Reopened)

In the matter of Case 8030 being reopened pursuant to the provisions of Order No. R-7471, which order promulgated temporary special rules and regulations for the Rio Puerco-Mancos Oil Pool in Sandoval County, including a provision for 320-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 8876: Application of Chaveroo Operating Company for the amendment of Division Order No. R-8163, Lea County, New Mexico. Division Order No. R-8163, dated March 3, 1986, authorized the applicant to utilize the Apollo Energy Inc. State G-36 Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 17 South, Range 35 East, to dispose of produced salt water into the Vacuum Grayburg-San Andres Pool, with injection into the perforated interval from approximately 4804 feet to 5212 feet. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8163, deleting certain requirements concerning re-cementing or re-plugging the following wells:

- 1) Cities Service Oil and Gas Corporation State "BJ" Well No. 1 located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 35, Township 17 South, Range 35 East;
- 2) Phillips Petroleum Company (Mac Jones) State Well No. 2 located 990 feet from the North and East lines (Unit A) of Section 35;
- 3) Texas Petroleum Oil Company State "AB" Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 36, both in Township 17 South, Range 36 East.

CASE 8839: (Continued and Readvertised)

Application of Jerome P. McHugh for exceptions to the Special Pool Rules for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to the spacing and well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing two unorthodox oil well locations, 1980 feet from the South line and 660 feet from the East line of Section 19 and 660 feet from the South and East lines of Section 30, both Sections in Township 25 North, Range 2 West. All of said Section 19 consisting of 187.76 acres, more or less, and all of said Section 30 consisting of 187.88 acres more or less, are to be dedicated to said wells, respectively, forming two non-standard oil spacing and proration units in said pool, said units to necessitate for the irregular sections along the western side of the subject Township resulting from survey corrections in the United States Public Lands Survey.

CASE 8877: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and assigning a discovery allowable to a certain pool in Sandoval County, New Mexico:

- (a) Create a new pool in Sandoval County, New Mexico, classified as an oil pool for Mesaverde Production and designated as the San Isidro-Mesaverde Oil Pool. The discovery well is the Gary-Williams Oil Producer San Isidro 26 Well No. 7, located in Unit G of Section 26, Township 20 North, Range 3 West, NMPM. Said pool would comprise:

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Section 26: SW/4 NE/4

Said discovery well will be assigned a discovery allowable of 11,360 barrels to be produced over a two-year period.