

ockets Nos. 3-90 and 4-90 are tentatively set for January 24, 1990 and February 7, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 10, 1990
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 February 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for February, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9841: (Continued from December 13, 1989, Examiner Hearing.)

Application of Tahoe Energy Inc. for four non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four non-standard gas spacing and proration units for Jalmat Gas Pool production in Sections 3 and 4, Township 25 South, Range 37 East:

1. 160.23 acres comprising Lot 2, SW/4 NE/4, and W/2 SE/4 of Section 3;
2. 160.25 acres comprising Lot 3, SE/4 NW/4, and E/2 SW/4 of Section 3;
3. 160.29 acres comprising Lot 4, SW/4 NW/4, and W/2 SW/4 of Section 3;
4. 120.29 acres comprising Lot 1, SE/4 NE/4, and NE/4 SE/4 of Section 4.

Said area is located approximately 4 miles northeast by north of Jal, New Mexico.

CASE 8874: (Reopened)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order Nos. R-639-C-1 which Order reclassified the Crosby-Devonian Gas Pool in Lea County, New Mexico. Operators in the subject pool should be prepared to appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders No. R-639, as amended, and R-8170, as amended.

CASE 9851: Application of McKay Oil Corporation for horizontal drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to reenter two wells for the purpose of drilling two horizontal drainholes from each well in the Abo formation. The McKay-Harvey Federal Well No. 1 located 660 feet from the South and East lines (Unit P) of Section 17, Township 9 South, Range 25 East, is proposed to have one drainhole terminating at a point 660 feet from the South line, 960 feet from the East line, and another drainhole terminating 960 feet from the South line, 660 feet from the East line of said Section in the South Pecos Slope-Abo Gas Pool. The L. L. & E. Federal Well No. 3 located 660 feet from the North line and 1485 feet from the West line (Unit C) of Section 12, Township 6 South, Range 22 East, is proposed to have one drainhole terminating 729 feet from the North line, 1776 feet from the West line and another drainhole terminating 660 feet from the North line, 1184 feet from the West line (Unit D) of said Section in the West Pecos Slope-Abo Gas Pool. The McKay-Harvey Federal Well No. 1 is located approximately 8 miles northeast of Roswell and the L. L. & E. Federal Well No. 3 is located approximately 25 miles north-northwest of Roswell.

CASE 9819: (Continued from November 29, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: (Continued from November 29, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 1 miles northwest of the Navajo Reservoir Dam.

CASE 9078: (Continued from December 27, 1989, Examiner Hearing.)

In the matter of Case 9078 being reopened pursuant to the provisions of Division Order Nos. R-8450 and R-8450-A, both concerning the Southwest Osudo-Wolfcamp Gas Pool in Lea County, New Mexico. BTA Oil Producers may appear and present evidence as to the exact nature of the reservoir and more particularly, as to the proper rate of withdrawal from the Southwest Osudo-Wolfcamp Gas Pool if it is indeed determined to be a retrograde gas condensate reservoir.

CASE 9846: (Continued from December 27, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 35, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Pool, and the SE/4 SE/4 of said Section 35 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South and East lines (Unit P) of said Section 35. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operation costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west by north of Seven Rivers, New Mexico.

CASE 9813: (Continued from December 27, 1989, Examiner Hearing.)

Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9850: (Continued from December 27, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending a certain existing pool in Rio Arriba County and San Juan Counties, New Mexico.

(a) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Sections 2 through 11: All
Sections 14 through 23: All

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Sections 1 and 2: All
Sections 11 through 14: All
Section 15: S/2
Section 20: S/2
Sections 22 through 24: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Section 20: E/2
Section 21: All
Section 28 and 29: All
Sections 32 through 35: All

Docket 2-90

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 18, 1990
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 9764: (De Novo)

Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent E/2 (Lots 1, 2, 7, 8, 9, 10, 15, and 16) of Section 14, Township 30 North, Range 8 West, forming a 284.20-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Hail "E" Well No. 2R at an unorthodox surface location 435 feet from the North line and 1555 feet from the East line of said Section 14, then drilling to a true vertical depth of approximately 3421 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at a true vertical depth of approximately 4142 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5415 feet to a terminus at a standard bottomhole location in the SE/4 of said Section 14 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Hail "E" Wells Nos. 2 and 2A located in Units A and P, respectively, of said Section 14. Said unit is located approximately 20 miles east of Aztec, New Mexico. Upon application of Meridian Oil, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9765: (De Novo)

Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent W/2 (Lots 3 and 4, the S/2 NW/4, and the SW/4) of Section 4, Township 30 North, Range 9 West, forming a 322.70-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Riddle Well No. 1R at an unorthodox surface location 250 feet from the North line and 830 feet from the West line of said Section 4, then drilling to a true vertical depth of approximately 3830 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at about 4550 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5750 feet to a terminus at a standard bottomhole location in the SW/4 of said Section 4 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Riddle Well Nos. 1 and 1A located in Units D and L, respectively, of said Section 4. Said unit is located approximately 11 miles east of Aztec, New Mexico. Upon application of Meridian Oil, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9802: (De Novo)

Application of Marathon Oil Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 9, Township 21 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, all of said Section 9, forming a standard 640-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to the existing North Indian Basin Unit Well No. 5 located at a standard gas well location 1815 feet from the South line and 1752.3 feet from the East line (Unit H) of said Section 9. The subject spacing unit is located approximately 2.5 miles northwest of the applicant's Indian Basin Gas Plant. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 36-87 and 37-87 are tentatively set for December 2, and December 16, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 18, 1987

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

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

CASE 9179: (Continued from November 4, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);

Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);

Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and

Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.3 to 3 miles south of Buckeye, New Mexico.

CASE 9247: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Wind State Unit Area comprising 5,040 acres, more or less, of State and Fee lands in Township 9 South, Range 27 East. Said area is located approximately 7 miles south of the west end of Railroad Mountain.

CASE 9238: (Continued from November 4, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Sarmal-Queen and the Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Hoover "ADR" State Well No. 6 located 330 feet from the South line and 990 feet from the West line (Unit M) of Section 1, Township 17 South, Range 33 East. Said well is located approximately 8 miles south of Maljamar, New Mexico.

CASE 9239: (Continued from November 4, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Undesignated Sarmal-Queen and Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Billy "AFS" State Well No. 2 located 530 feet from the North line and 1750 feet from the West line (Unit C) of Section 12, Township 17 South, Range 33 East. Said well is located approximately 8 miles east of Maljamar, New Mexico.

CASE 8970: (Reopened)

In the matter of Case 8970 being reopened pursuant to the provisions of Division Order No. R-8330, which order established a limiting gas-oil ratio for the Sarmal-Queen Pool in Lea County of 5,000 cubic feet of gas per barrel of oil for a temporary period of one year. Interested parties may appear and show cause why the Sarmal-Queen Pool should not be governed by a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

CASE 9254: Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 13, Township 22 South, Range 32 East, to test the Wolfcamp, Strawn, Atoka, and Morrow formations, the N/2 of said Section 13 to be dedicated to the well. Said well is located approximately 19 miles south-southeast from the junction of U.S. 62/180 and N.M. 176.

- CASE 9255: Application of Randall L. Capps 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 (Unit L) of Section 18, Township 12 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to the Gary Bennett Pearl Western Well No. 1-Y located at a standard oil well location 1980 feet from the South line and 610 feet from the West line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of 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 1.5 miles north of N. M. Milepost 238 on U.S. Highway 380.
- CASE 9256: Application of Petroleum Corporation of New Mexico for non-standard oil proration units and two unorthodox oil well locations, Eddy County, N.M. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Irregular Section 36, Township 26 South, Range 30 East, each to be dedicated to wells to be drilled at unorthodox locations. The first unit comprises 40 acres, being all of Lot 4 (25.14 acres) and the western 3/5 of Lot 3 (14.86 acres) with a well to be located 489 feet from the South line and 1320 feet from the West line of the section. The second unit comprises 34.86 acres, being all of Lot 2 (24.76 acres) and the eastern 2/5 of Lot 3 (10.10 acres) with a well located 484 feet from the South line and 2454 feet from the West line of the section. All measurements and acreages are based on an independent survey taken in August, 1987. This area is on the New Mexico/Texas stateline between N.M. Mile Marker Nos. 45 and 46.
- CASE 9257: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation of the Gavilan-Mancos Oil Pool underlying all of Section 14, Township 25 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 6 miles north of Lindrieth, New Mexico.
- CASE 9258: Application of BTA Oil Producers for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 22 South, Range 34 East, Undesignated Antelope Ridge-Atoka Gas Pool, the N/2 of said Section 35 to be dedicated to the well. Said well is located approximately 3 miles northwest of the San Simon Sink.
- CASE 9241: (Continued from October 21, 1987, Examiner Hearing)
- Application of Petrus Operating Company, Inc. for pool creation and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Lower Pennsylvanian production comprising the W/2 of Section 14, Township 16 South, Range 30 East. Applicant further seeks approval for an unorthodox well location for its Henshaw Federal Well No. 1 located 330 feet from the South line and 1750 feet from the West line (Unit N) of said Section 14. Said area is located approximately 6 miles North-Northwest of Loco Hills, New Mexico.
- CASE 9259: Application of Amoco Production Company to rescind Rule 7 of Division Order No. R-8188-A, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to rescind Rule 7 of the Special Pool Rules for the Northeast Ojito Gallup-Dakota Oil Pool, as promulgated by Division Order No. R-8188-A, removing the restriction to 40-acre depth bracket allowables on wells located in portions of Sections 35 and 36, Township 26 North, Range 3 West. Said area is located in the Jicarilla Apache Indian Reservation approximately four miles east of the Southern Union Gas Company Ojito Camp.
- CASE 9260: Application of Sohio Petroleum Company (Standard Oil Production Company) for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through five certain wells on its Phillips-Lea Lease underlying a portion of Section 31, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool. Said area is located approximately 6.5 miles northwest of the oil Hobbs Army Air Corps Auxiliary Airfield No. 4.
- CASE 9261: Application of Sohio Petroleum Company (Standard Oil Production Company) for compulsory pooling and non-standard oil proration unit(s), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying either Lot 1 of Section 2, Township 17 South, Range 37 East, to form a non-standard 41.20-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical limits or Lots 1 and 2 of said Section 2 to form a non-standard 82.39-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical limits, both aforementioned units to be dedicated to a single well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 5 miles north of Humble City, New Mexico.

CASE 9262: Application of Amerind 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 in the Strawn and Atoka formations underlying the E/2 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn, Undesignated Humble City-Atoka, and Undesignated Humble City-Strawn Pools, forming a standard 80-acre oil spacing and proration unit to be dedicated to a well to be drilled at an unorthodox oil well location 1300 feet from the South line and 810 feet from the East line (Unit P) 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. Said location is approximately 4.5 miles north of Humble City, New Mexico.

CASE 8874: (Reopened) (Continued from November 4, 1987, Examiner Hearing)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which order reclassified the Crosby-Devonian Gas Pool in Lea County as an associated pool. Interested parties may appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170, as amended.

CASE 9263: Application of Conoco, Inc. to amend Division Order No. R-6141, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6141 by authorizing an unorthodox gas well location for its proposed Meyer A-1 Well No. 19 to be drilled 1980 feet from the North line and 890 feet from the East line (Unit H) of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool. Said well is to be simultaneously dedicated, along with the Meyer A-1 Wells Nos. 6 and 11 located at unorthodox gas well locations in Unit B of Section 18 and Unit K of Section 17, respectively, to the 440-acre non-standard Eumont gas proration unit comprising the SW/4 and S/2 NW/4 of Section 17 and the N/2 NE/4, SE/4 NE/4, and N/2 SE/4 of Section 18, all of which were previously authorized by said Order No. R-6141. The subject well is located approximately 2.5 miles west-southwest of Oil Center, New Mexico.

CASE 9264: Application of Sun Exploration and Production Company for amendment of Division Order No. R-6483, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6483 by authorizing its proposed State "A" A/c-2 Well No. 73 to be drilled at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11, Township 22 South, Range 36 East, Jalmat Gas Pool. Said well is to be simultaneously dedicated, along with the State "A" A/c-2 Wells Nos. 14, 36, 42, and 62 located in Units B, M, E, and K, respectively, of said Section 11, to the 640-acre standard Jalmat gas proration unit comprising all of said Section 11, previously authorized by said Order No. R-6483. The subject well location is approximately 5 miles southwest of Eunice, New Mexico.

CASE 9202: (Continued from November 4, 1987, Examiner Hearing)

Application of Meridian Oil 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 Devonian formation underlying the NE/4 NE/4 (Unit A) of Section 35, Township 18 South, Range 35 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately one mile north from the junction of New Mexico Highways Nos. 8 and 529.

CASE 9265: Application of Tenneco Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying the E/2 of Section 10, Township 29 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool to be dedicated to an infill well to be drilled at an unorthodox surface and bottomhole location previously approved by the Division in Orders No. R-8253 and R-8253-A. 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 on a 4.6 acre drill site located on the east side of Vine Avenue and Navajo Street and immediately north of the Rusty Sun Townhomes.

CASE 9240: (Readvertised)

Application of Jerome P. McHugh for compulsory pooling or, in the alternative, an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 35, Township 24 North, Range 1 West, forming a standard 640-acre oil spacing and proration unit in said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. In the alternative, applicant seeks approval of a 320-acre non-standard oil spacing and proration unit in said pool consisting of the E/2 of said

Section 35 to be dedicated to a well to be drilled at an unorthodox oil well location 890 feet from the North line and 840 feet from the East line (Unit A) of said Section 35. Said location is approximately 7 miles east-southeast of Lindrith, New Mexico.

CASE 9266: Application of Pennzoil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the S/2 NW/4 of Section 14, Township 16 South, Range 37 East, Undesignated Northeast Lovington-Pennsylvanian Pool, forming a standard 80-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 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-southwest of the Hobbs Army Air Corps Auxiliary Airfield No. 1.

CASE 9267: Application of Pennzoil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the E/2 SE/4 of Section 22, Township 16 South, Range 37 East, Undesignated Northeast Lovington-Pennsylvanian Pool/Undesignated Casey-Strawn Pool, forming a standard 80-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 costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 2.75 miles south of N.M. Milepost 7 on N.M. Highway No. 83.

CASE 9268: Application of Pennzoil 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 in the Strawn and Atoka formations underlying either the SW/4 SW/4 of Section 3, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the E/2 SW/4 of said Section 3 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, both aforementioned units to be dedicated to a well to be drilled at an unorthodox oil well location 1310 feet from the South line and 1980 feet from the West line (Unit N) of said Section 3. 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 4.5 miles north-northwest of Humble City, New Mexico.

CASE 9123: (Continued from October 7, 1987, Examiner Hearing)

Application of Curtis J. Little for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: (Continued from October 7, 1987, Examiner Hearing)

Application of Rocanville Corporation for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9219: (Continued from October 21, 1987, Examiner Hearing)

Application of C&C Stockfarms, Inc. to amend Division Order No. R-8264 (Salt Water Disposal), Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8264 to include the Pennsylvanian formation with the previously authorized Wolfcamp formation for disposal purposes in its Aztec State Com Well No. 3 located 660 feet from the South and West lines (Unit M) of Section 18, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool. Said well is located approximately 3.5 miles southeast of Lovington, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 19, 1987

OIL CONSERVATION COMMISSION - 9:00 AM MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9134: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1207(a)7 regarding notice to royalty interest owners.

CASE 9226: (Readvertised)

In the matter called by the Oil Conservation Division on its own motion to amend the Special Pool Rules for the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as promulgated by Division Order No. R-4314, to reconsider the well location requirements poolwide, to restate the allowable in the pool to reflect the daily oil allowable for a 160-acre unit in the depth range of this pool to 382 BOPD as promulgated by Division General Rule 505, and to create a buffer zone in those sections that adjoin the Gavilan-Mancos Oil Pool to the east (Sections 1, 12, 13, 24, 25 and 36, Township 25 North, Range 3 West, Rio Arriba County) with any additional provisions which may be necessary and/or advisable to protect correlative rights along the common boundary of the two pools. Said area is situated 10 to 20 miles west-northwest of Lindrith, New Mexico.

CASE 9227: (Readvertised)

In the matter called by the Oil Conservation Division on its own motion to amend the Special Pool Rules for the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, as promulgated by Division Order No. R-7407, as amended, to create a buffer zone utilizing those existing proration units in Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31, and 32, Township 25 North, Range 2 West, that adjoin the West Lindrith Gallup-Dakota Oil Pool with any additional provisions which may be necessary and/or advisable to protect correlative rights along the common boundary of the two pools. Said area is situated 4 to 9 miles northwest of Lindrith, New Mexico.

CASE 9095: (De Novo) (Readvertised)

Application of Curtis J. Little for the promulgation of special pool rules for the Ojito Gallup-Dakota Oil Pool or, in the alternative, to abolish the Ojito Gallup-Dakota Oil Pool and to concomitantly expand the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks to establish special rules and regulations for the Ojito Gallup-Dakota Oil Pool including a provision for 160-acre spacing. IN THE ALTERNATIVE, the applicant seeks to abolish said Ojito Gallup-Dakota Oil Pool and to concomitantly expand the horizontal limits of the West Lindrith Gallup-Dakota Oil Pool to include the horizontal extent of the abolished pool plus the E/2 NE/4 of Section 21, Township 25 North, Range 3 West, Rio Arriba County, New Mexico. Upon application of Curtis J. Little, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9225: (Readvertised)

Application of Mesa Grande, Ltd. for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land in 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 20, Township 25 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 Luddy Well No. 1 located 1750 feet from the North and West lines (Unit F) of said Section 20 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 W/2 of said Section 20. 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. 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 this case be retroactive to June 8, 1987. Said well is located approximately 5.5 miles north-northwest of Lindrith, New Mexico.

CASE 9236: (Readvertised)

Application of Mesa Grande Resources, Inc. for compulsory pooling and a non-standard oil proration unit, 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 Irregular Section 1, Township 24 North, Range 2 West, forming a non-standard 650.22-acre oil spacing and proration unit to be dedicated to the existing Federal Invader Well No. 1 located at a standard location 1040 feet from the North line and 850 feet from the West line (Unit D) of said Section 1. 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 the applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 3.5 miles northeast of Lindrith, New Mexico.

Dockets Nos. 34-87 and 35-87 are tentatively set for November 18 and December 2, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 4, 1987

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9179: (Continued from October 21, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);

Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);

Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and

Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.5 to 3 miles south of Buckeye, New Mexico.

CASE 9243: Application of Elk Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Runyan Unit Area comprising 3,764.40 acres, more or less, of State and Fee lands in Township 8 South, Range 27 East. Said area is located 5 miles south of the west end of Railroad Mountain.

CASE 9244: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Lazy Tree State Unit Area comprising 4,640 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East. Said area is located approximately 20 miles west of Tatum, New Mexico.

CASE 9245: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Flower State Unit Area comprising 5,496.2 acres, more or less, of State lands in Township 8 South, Range 27 East. Said area is located approximately 3 miles south of the west end of Railroad Mountain.

CASE 9246: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dragonfly State Unit Area comprising 1,282.08 acres, more or less, of State lands in Township 9 South, Range 27 East. Said area is located approximately 10 miles south of the west end of Railroad Mountain.

CASE 9247: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Wind State Unit Area comprising 3,520 acres, more or less, of State lands in Township 9 South, Range 27 East. Said area is located approximately 7 miles south of the west end of Railroad Mountain.

CASE 9248: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hard as Nails State Unit Area comprising 2,080.37 acres, more or less, of State lands in Townships 9 and 10 South, Range 26 East. Said area is located approximately 11 miles south of the west end of Railroad Mountain.

CASE 9249: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 2310 feet from the South line and 660 feet from the West line (Unit L) of Section 8, Township 19 South, Range 27 East, to test all formations from the top of the Wolfcamp through the base of the Morrow, the S/2 of said Section 8 to be dedicated to the well. Said well is located approximately 17 miles southeast of Artesia, New Mexico.

CASE 9238: (Continued from October 21, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Sanmal-Queen and the Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Hoover "ADR" State Well No. 6 located 330 feet from the South line and 990 feet from the West line (Unit M) of Section 1, Township 17 South, Range 33 East. Said well is located approximately 8 miles south of Maljamar, New Mexico.

CASE 9239: (Continued from October 21, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Undesignated Sanmal-Queen and Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Billy "AES" State Well No. 2 located 530 feet from the North line and 1750 feet from the West line (Unit C) of Section 12, Township 17 South, Range 33 East. Said well is located approximately 8 miles east of Maljamar, New Mexico.

CASE 9233: (Continued from October 7, 1987, Examiner Hearing)

Application of TXO Production Corporation for compulsory pooling and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing its re-entry into the plugged and abandoned Mesa Petroleum Company Hightower Well No. 1 located 810 feet from the North line and 660 feet from the East line (Unit A) of Section 4, Township 17 South, Range 37 East, wherein applicant proposes to deepen and deviate said well to the Shipp-Strawn Pool at a standard sub-surface oil well location in Lot 1 (Unit A) of said Section 4. Applicant further seeks an order pooling all mineral interests in the Shipp-Strawn Pool underlying Lot 1 and the SE/4 NE/4 of said Section 4, forming a standard 80.95-acre spacing and proration unit, to be dedicated to the above-described well. Also to be considered will be the cost of re-entering, deepening, 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 is located approximately 8 miles southeast of Lovington, New Mexico.

CASE 9250: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending a certain pool in Rio Arriba County, New Mexico:

(a) EXTEND the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Sections 3 and 4: All
Section 8: E/2
Sections 9 and 10: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 15: All
Section 22: All
Section 27: All
Section 34: All

CASE 9251: Application of Dugan Production Corporation 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 all of Section 21, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 11.5 miles north of Lindrith, New Mexico.

CASE 9252: Application of Dugan Production Corporation 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 all of Section 28, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 10 miles north of Lindrith, New Mexico.

CASE 9202: (Continued from October 21, 1987, Examiner Hearing)

Application of Meridian Oil 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 Devonian formation underlying the NE/4 NE/4 (Unit A) of Section 35, Township 18 South, Range 35 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately one mile north from the junction of New Mexico Highways Nos. 8 and 529.

CASE 9253: Application of Manzano Oil Corporation 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 Bone Spring production comprising the E/2 NE/4 of Section 30, Township 18 South, Range 30 East, and the promulgation of special rules therefor including a provision for 80-acre spacing and designated well locations. Said location is approximately 7 miles south of Loco Hills, New Mexico.CASE 8874: (Reopened) (Continued from October 7, 1987, Examiner Hearing)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which order reclassified the Crosby-Devonian Gas Pool in Lea County as an associated pool. Interested parties may appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170, as amended.

CASE 9168: (Continued from October 21, 1987, Examiner Hearing)

Application of J. (James) A. Davidson for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interested owner in the Marathon Oil Company Benson Well No. 1 located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East (located approximately 2 1/2 miles south of the old Hobbs Army Air Corps Auxiliary Airfield No. 1 on State Highway No. 132), which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-8282, as amended, seeks an order ascertaining the reasonableness of actual well costs for the subject well.

Dockets Nos. 2-88 and 3-88 are tentatively set for January 20 and February 3, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 6, 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 Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for February, 1988, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for February, 1988, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9281:

Application of H. L. Brown, Jr. for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 28, Township 7 South, Range 37 East, Undesignated North Bluit Siluro-Devonian Pool, the S/2 NE/4 of said Section 28 to be dedicated to the well forming a standard 80-acre spacing and proration unit for said pool. Said location is approximately 3 miles North of the Perkins Memorial Cemetery.

CASE 9282:

Application of Mobil Producing Texas and New Mexico Inc. for the expansion of the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of the West Lindrith Gallup-Dakota Oil Pool to include all of Sections 6, 7, 8, and 9, Township 24 North, Range 2 West. Said area is approximately one-half mile north of Lindrith, New Mexico.

CASE 8874: (Reopened) (Continued from November 18, 1987, Examiner Hearing)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which order reclassified the Crosby-Devonian Gas Pool in Lea County as an associated pool. Interested parties may appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170, as amended.

CASE 9283:

Application of Nearburg Producing Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E/2 of Section 15, Township 20 South, Range 25 East, forming a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox gas well location 1755 feet from the North line and 660 feet from the East line (Unit H) of said Section 15. 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 proposed well is approximately 3 miles southeast of the townsite of Seven Rivers.

CASE 9277: (Continued from December 16, 1987, Examiner Hearing)

Application of Reading and Bates 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 10, Township 25 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 7 miles north of Lindrith, New Mexico.

CASE 9284:

Application of Enron Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka formation underlying the N/2 of Section 17, Township 24 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for said formation, or pooling all mineral interests in the Morrow formation underlying all of said Section 17 forming a standard 640-acre gas spacing and proration unit in the Cinta Roja-Morrow Gas Pool for said formation, both units to be dedicated to a single 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. Said well is located approximately 26 miles west of Jal, New Mexico.

CASE 9285: (This case will be continued to the January 20, 1987, Examiner Hearing.)

Application of Bettis Brothers, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 860 feet from the East line (Unit A) of Section 8, Township 25 South, Range 29 East, to test the Delaware, Wolfcamp, Strawn, Atoka and Morrow formations, the N/2 of said Section 8 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 8 miles southeast of Malaga, New Mexico.

CASE 9286:

Application of Curtis J. Little for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard oil spacing and proration unit comprising the S/2 NE/4 and N/2 SE/4 of Section 2, Township 25 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 1 mile west of the Ojito Post Office.

CASE 9276: (Continued from December 16, 1987, Examiner Hearing)

Application of Marathon Oil Company for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 560 feet from the South line and 1550 feet from the West line (Unit N) of Section 20, Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, all of said Section 20 to be dedicated to said well forming a non-standard 631.58-acre gas spacing and proration unit for said pool which is developed on 640-acre spacing. Said location is approximately 2.5 miles east of the Marathon Oil Company's Indian Basin Gas Plant.

CASE 9279: (Continued from December 16, 1987, Examiner Hearing)

Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard gas spacing and proration unit comprising the E/2 SE/4 of Section 15, Township 17 South, Range 32 East, Undesignated Maljamar-Queen Gas Pool, to be dedicated to its Federal U.S.A. "C" Well No. 2 located at a standard gas well location 1650 feet from the South line and 660 feet from the East line (Unit I) of said Section 15. Said well is located approximately 2 miles South-Southeast of Maljamar, New Mexico.

CASE 9287:

Application of Panroc Oil 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 Vacuum Grayburg-San Andres Pool in the perforated interval from approximately 4790 feet to 5086 feet in its George McGonagill Well No. 1 located 330 feet from the North line and 990 feet from the East line (Unit A) of Section 2, Township 18 South, Range 35 East. Said well is approximately 6 miles southeast of Buckeye, New Mexico.

CASE 9288:

Application of Primary Fuels, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the N/2 of Section 19, Township 22 South, Range 26 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 5 miles Southwest of Carlsbad, New Mexico.

CASE 9289:

Application of Foran Oil Company for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the following described acreage in Section 5, Township 16 South, Range 36 East, in the following described manner:

Lots 11 through 14 and SW/4 of Section 5 to form a 320-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; and

Lots 11 and 14 to form an 80-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; and

Lot 14 to form a 40-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 are to be dedicated to a well to be drilled at an unorthodox well location 3950 feet from the North line and 1550 feet from the West line (Unit K) 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 unit is approximately one-half mile West of Lovington, New Mexico.

CASE 9290:

Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the following described acreage in Section 8, Township 16 South, Range 37 East, in the following described manner:

W/2 SW/4 to form an 80-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; and

NW/4 SW/4 to form a 40-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 are to be dedicated to a well to be drilled at a standard well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 3 miles East of Lovington, New Mexico.

CASE 9291:

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 Lea and Chaves Counties, New Mexico:

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the East Nadine-Drinkard Pool. The discovery well is the Crown Central Petroleum Corporation Emerald Well No. 1 located in Unit P of Section 25, Township 19 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 25: SE/4

(b) Extend the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST
Section 34: E/2

(c) Extend the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 34: E/2

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 3: E/2
Section 10: NE/4

(d) Extend the Arkansas Junction-Queen Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 23: SW/4
Section 26: NW/4
Section 27: E/2 and SW/4

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

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM
Section 24: N/2

(f) Extend the Central Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 8: NE/4

(g) Extend the Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM
Section 16: SE/4

(h) Extend the Justis Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 36: SW/4

(i) Extend the Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 26: SW/4
Section 35: NW/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 16: NW/4
Section 29: SW/4

- (k) Extend the East Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 2: W/2

Section 3: SE/4

- (l) Extend the West Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 31: E/2

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM

Section 6: N/2

- (m) Extend the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 2: NE/4

- (n) Extend the South Shoe Bar-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 36: SE/4

- (o) Extend the South Shoe Bar-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 1: E/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 19: SW/4

- (q) Extend the Townsend Permo-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM

Section 25: E/2

CASE 9292:

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, McKinley, Sandoval, and San Juan Counties, New Mexico.

- (a) Contract the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, by the deletion of the following described area:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 15: SW/4

Section 16: SE/4

Section 22: N/2 and SW/4

Section 25: SE/4 SE/4

Section 26: S/2

Section 35: N/2

Section 36: N/2

- (b) Extend the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico to Include therein:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 6: N/2 and SW/4

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 1: NE/4

TOWNSHIP 31 North, RANGE 11 WEST, NMPM

Section 31: SW/4

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 36: SE/4

- (c) Extend the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM
Section 5: N/2
Section 6: NE/4

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 32: W/2 SE/4

- (d) Extend the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM
Section 30: S/2, NE/4 and S/2 NW/4
Section 31: N/2 N/2

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 25: SW/4
Section 26: SW/4

- (e) Extend the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM
Section 11: SE/4

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 19: S/2
Section 29: S/2 and NW/4
Section 30: All
Section 31: NW/4

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM
Section 25: S/2 and NE/4
Section 36: N/2

- (f) Extend the Devil's Fork-Gallup Associated Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 19: S/2
Section 30: N/2

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM
Section 23: S/2
Section 24: S/2

- (g) Extend the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 17: SE/4

- (h) Extend the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 5: W/2
Section 6: All
Section 8: All
Section 9: All
Section 10: W/2

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Section 31: All
Section 32: W/2

- (i) Extend the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 4: E/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 15: W/2
Section 16: All

Section 21: All
Section 22: All
Section 23: S/2
Section 24: S/2
Section 25: All
Section 26: All
Section 27: NE/4
Section 35: N/2
Section 36: N/2

- (j) Extend the Lybrook-Gallup Oil Pool in Rio Arriba and Sandoval Counties, New Mexico to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 1: NW/4 NE/4 and N/2 NW/4
Section 2: E/2 NE/4

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 35: E/2 SE/4

- (k) Extend the Nose Rock-Hospah Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 20 NORTH, RANGE 12 WEST, NMPM

Section 9: SW/4 SE/4
Section 10: SW/4 SW/4
Section 16: NW/4 NE/4

- (l) Extend the Northeast Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Section 30: All

- (m) Extend the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM

Section 7: W/2
Section 17: W/2
Section 18: All

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 10: W/2
Section 12: E/2
Section 13: E/2
Section 24: NE/4

- (n) Extend the Otero-Sanastee Oil Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 4 WEST, NMPM

Section 9: NW/4

- (o) Extend the Rio Puerco-Mancos Oil Pool in Sandoval County, New Mexico to include therein:

TOWNSHIP 21 NORTH, RANGE 4 WEST, NMPM

Section 27: S/2
Section 28: S/2

- (p) Extend the Wildhorse-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM

Section 17: S/2
Section 18: S/2

Dockets Nos. 32-87 and 33-87 are tentatively set for October 21 and November 4, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 7, 1987

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

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for November, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for November, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9179: (Continued from September 9, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);

Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);

Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and

Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.5 to 3 miles south of Buckeye, New Mexico.

CASE 9213: (Continued from September 23, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation and all other interested parties to appear and show cause why the Aztec Totah Unit Well No. 7 located on a Federal tract of land 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 20, Township 29 North, Range 13 West, San Juan County, New Mexico (which is approximately 1.2 miles south of the San Juan River Bridge on New Mexico Highway 371), should not be plugged and abandoned in accordance with a Division-approved plugging program.

Examiner Hearing - Wednesday - October 7, 1987

CASE 9214: (Continued from September 23, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation, Natural Surety Corporation, and all other interested parties to appear and show cause why the Aztec Totah Unit Well No. 16 located 705 feet from the South line and 2110 feet from the East line (Unit O) of Section 18, Township 29 North, Range 13 West, San Juan County, New Mexico (which is approximately 1 mile west of the San Juan River Bridge on New Mexico Highway 371), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9223: (Continued from September 23, 1987, Examiner Hearing)

Application of Sun Exploration and Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below a depth of 8800 feet underlying the S/2 of Section 15, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent being developed 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. Said location is approximately 10 miles southeast of Artesia, New Mexico.

CASE 9233: Application of TXO Production Corporation for compulsory pooling and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing its re-entry into the plugged and abandoned Mesa Petroleum Company Hightower Well No. 1 located 810 feet from the North line and 660 feet from the East line (Unit A) of Section 4, Township 17 South, Range 37 East, wherein applicant proposes to deepen and deviate said well to the Shipp-Strawn Pool at a standard sub-surface oil well location in Lot 1 (Unit A) of said Section 4. Applicant further seeks an order pooling all mineral interests in the Shipp-Strawn Pool underlying Lot 1 and the SE/4 NE/4 of said Section 4, forming a standard 80.95-acre spacing and proration unit, to be dedicated to the above-described well. Also to be considered will be the cost of re-entering, deepening, 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 is located approximately 8 miles southeast of Lovington, New Mexico.CASE 9207: (Continued from September 9, 1987, Examiner Hearing)

Application of Western Oil Producers, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 1, Township 22 South, Range 27 East, Undesignated East Carlsbad-Wolfcamp Gas Pool, the S/2 of said Section 1 to be dedicated to the well. Said location is approximately 5 miles east of Carlsbad, New Mexico.

CASE 9208: (Readvertised)
(Continued from September 23, 1987, Examiner Hearing)

Application of Hixon Development Company for a gas storage well, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to utilize its Carson Unit Well No. 34-18 located 660 feet from the South line and 1976 feet from the East line (Unit O) of Section 18, Township 25 North, Range 11 West, Bisti-Lower Gallup Pool (which is approximately 5 miles south-southeast of the Carson Trading Post), as a gas storage well.

CASE 9234: Application of Santa Fe Energy Operating Partners, L. P. for four non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of four 160-acre, more or less, non-standard gas spacing and proration units for the East Carlsbad-Wolfcamp Gas Pool, said units to comprise the NW/4 and SW/4 of Section 2 and the NW/4 and SW/4 of Section 11, both in Township 22 South, Range 27 East. Said area is 4 miles east of the junction of U. S. 62/180 and U. S. 235 in Carlsbad, New Mexico.

CASE 9224: (Continued from September 23, 1987, Examiner Hearing)

Application of Robert N. Enfield for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 7, Township 19 South, Range 27 East, Undesignated McMillan-Upper Pennsylvanian Pool (which is approximately 4.5 miles northeast of Lakewood, New Mexico), the N/2 of said Section 7 to be dedicated to the well.

CASE 8874: (Reopened)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which order reclassified the Crosby-Devonian Gas Pool in Lea County as an associated pool. Interested parties may appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170, as amended.

CASE 8802: (Reopened)

In the matter of Case 8802 being reopened pursuant to the provisions of Division Order No. R-8181-B, which order promulgated temporary special rules and regulations for the South Corbin-Wolfcamp Pool in Lea County, including a provision for 80-acre spacing units. Interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 9235: Application of Conoco Inc. for an exception to Division Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas from its Buffalo Federal Lease into an unlined pit located in the NW/4 SW/4 of Section 18, Township 18 South, Range 32 East. Said area is located on the Lea County side of the Lea/Eddy County line approximately 3.75 miles south of Mile Post No. 4 located on New Mexico Highway 529.

CASE 9202: (Continued from September 23, 1987, Examiner Hearing)

Application of Meridian Oil 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 Devonian formation underlying the NE/4 NE/4 (Unit A) of Section 35, Township 18 South, Range 35 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately one mile north from the junction of New Mexico Highways Nos. 8 and 529.

CASE 9123: (Continued from September 9, 1987, Examiner Hearing)

Application of Curtis J. Little for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: (Readvertised)

Application of Rocanville Corporation for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9168: (Continued from September 9, 1987, Examiner Hearing)

Application of J. (James) A. Davidson for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interested owner in the Marathon Oil Company Benson Well No. 1 located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East (located approximately 2 1/2 miles south of the old Hobbs Army Air Corps Auxiliary Airfield No. 1 on State Highway No. 132), which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-8232, as amended, seeks an order ascertaining the reasonableness of actual well costs for the subject well.

CASE 9668: (Reopened) (Continued from September 9, 1987, Examiner Hearing)

In the matter of Case No. 9668 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8031, issued in said Case No. 9668 and dated September 27, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 SE/4 (Unit P) of Section 23, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

CASE 9769: (Reopened) (Continued from September 9, 1987, Examiner Hearing)

In the matter of Case No. 9769 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8091, issued in said Case No. 9769 and dated December 6, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

Docket No. 31-87

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 15, 1987

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

CASE 9124: (Continued from September 24, 1987, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1207(a)7 regarding notice to royalty interest owners.

CASE 9224: (Continued from September 23, 1987, Examiner Hearing)

Application of Robert N. Enfield for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 7, Township 19 South, Range 27 East, Undesignated McMillan-Upper Pennsylvanian Pool (which is approximately 4.5 miles northeast of Lakewood, New Mexico), the N/2 of said Section 7 to be dedicated to the well.

CASE 8874: (Reopened)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which order reclassified the Crosby-Devonian Gas Pool in Lea County as an associated pool. Interested parties may appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders Nos. R-639, as amended, and R-8170, as amended.

CASE 3802: (Reopened)

In the matter of Case 8802 being reopened pursuant to the provisions of Division Order No. R-8181-B, which order promulgated temporary special rules and regulations for the South Corbin-Wolfcamp Pool in Lea County, including a provision for 80-acre spacing units. Interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 9235: Application of Conoco Inc. for an exception to Division Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas from its Buffalo Federal Lease into an unlined pit located in the NW/4 SW/4 of Section 18, Township 18 South, Range 32 East. Said area is located on the Lea County side of the Lea/Eddy County line approximately 3.75 miles south of Mile Post No. 4 located on New Mexico Highway 529.

CASE 9202: (Continued from September 23, 1987, Examiner Hearing)

Application of Meridian Oil 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 Devonian formation underlying the NE/4 NE/4 (Unit A) of Section 35, Township 18 South, Range 35 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately one mile north from the junction of New Mexico Highways Nos. 8 and 529.

CASE 9122: (Continued from September 9, 1987, Examiner Hearing)

Application of Curtis J. Little for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: (Readvertised)

Application of Rocanville Corporation for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9168: (Continued from September 9, 1987, Examiner Hearing)

Application of J. (James) A. Davidson for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interested owner in the Marathon Oil Company Benson Well No. 1 located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East (located approximately 2 1/2 miles south of the old Hobbs Army Air Corps Auxiliary Airfield No. 1 on State Highway No. 132), which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-8282, as amended, seeks an order ascertaining the reasonableness of actual well costs for the subject well.

CASE 8668: (Reopened) (Continued from September 9, 1987, Examiner Hearing)

In the matter of Case No. 8668 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8031, issued in said Case No. 8668 and dated September 27, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 SE/4 (Unit P) of Section 23, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

CASE 8769: (Reopened) (Continued from September 9, 1987, Examiner Hearing)

In the matter of Case No. 8769 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8091, issued in said Case No. 8769 and dated December 6, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

Docket No. 31-87

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 15, 1987

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

CASE 9124: (Continued from September 24, 1987, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1207(a)7 regarding notice to royalty interest owners.

CASE 9073: (De Novo) (Continued from September 24, 1987, Commission Hearing)

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 overproduction 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.

Upon application of Mallon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8951: (Continued from September 24, 1987, Commission Hearing)

Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-8124, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Division by Division Order No. R-8124, dated January 16, 1986, issued in Case 8745, authorized the applicant to conduct a long-term reservoir pressure test in the Mancos formation using certain wells in Rio Arriba County and further authorized the shut-in of certain wells and provided six months after completion of the test during which certain accumulated underproduction can be made up. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8124 to provide for twelve months after completion of the reservoir pressure test during which to make up the accumulated underproduction of certain wells resulting from the test. Applicant further requests that all other provisions in said Order No. R-8124 remain in full force and effect.

CASE 9111: (Continued from September 24, 1987, Commission Hearing)

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.

CASE 9095: (De Novo)

Application of Curtis J. Little for the promulgation of special pool rules for the Ojito Gallup-Dakota Oil Pool or, in the alternative, to abolish the Ojito Gallup-Dakota Oil Pool and to concomitantly expand the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks to establish special rules and regulations for the Ojito Gallup-Dakota Oil Pool including a provision for 160-acre spacing. IN THE ALTERNATIVE, the applicant seeks to abolish said Ojito Gallup-Dakota Oil Pool and to concomitantly expand the horizontal limits of the West Lindrith Gallup-Dakota Oil Pool to include the horizontal extent of the abolished pool plus the E/2 NE/4 of Section 21, Township 25 North, Range 2 West, Rio Arriba County, New Mexico.

Upon application of Curtis J. Little, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9226: (Continued from September 23, 1987, Examiner Hearing)

In the matter called by the Oil Conservation Division on its own motion to amend the Special Pool Rules for the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as promulgated by Division Order No. R-4314, to reconsider the well location requirements poolwide, to restate the allowable in the pool to reflect the daily oil allowable for a 160-acre unit in the depth range of this pool to 382 BOPD as promulgated by Division General Rule 505, and to create a buffer zone in those sections that adjoin the Gavilan-Mancos Oil Pool to the east (Sections 1, 12, 13, 24, 25 and 36, Township 25 North, Range 3 West, Rio Arriba County) with any additional provisions which may be necessary and/or advisable to protect correlative rights along the common boundary of the two pools. Said area is situated 10 to 20 miles west-northwest of Lindrith, New Mexico.

CASE 9227: (Continued from September 23, 1987, Examiner Hearing)

In the matter called by the Oil Conservation Division on its own motion to amend the Special Pool Rules for the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, as promulgated by Division Order No. R-7407, as amended, to create a buffer zone utilizing those existing proration units in Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 and 32, Township 25 North, Range 2 West, that adjoin the West Lindrith Gallup-Dakota Oil Pool with any additional provisions which may be necessary and/or advisable to protect correlative rights along the common boundary of the two pools. Said area is situated 4 to 9 miles northwest of Lindrith, New Mexico.

CASE 9228: (Continued from September 23, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order abolishing and extending certain pools in Rio Arriba and Sandoval Counties, New Mexico:

(a) ABOLISH the Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, in order that the productive acreage may be included in the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico.

(b) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Sections 1 through 18: All
Section 19: NE/4
Section 20: N/2
Section 21: N/2
Section 23: NE/4 and S/2
Sections 24 through 26: All
Section 34: S/2
Sections 35 and 36: All

CASE 9229: (Continued from September 23, 1987, Examiner Hearing)

Application of Mesa Grande, Ltd. for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land in 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 20, Township 25 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 Loddy Well No. 1 located 1750 feet from the North and West lines (Unit F) of said Section 20 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 W/2 of said Section 20. 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. 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 this case be retroactive to June 3, 1987. Said well is located approximately 3.3 miles north-northwest of Lindrith, New Mexico.

CASE 9226: Application of Mesa Grande Resources, Inc. for compulsory pooling and a non-standard oil proration unit, 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 Irregular Section 1, Township 24 North, Range 2 West, forming a non-standard 650.22-acre oil spacing and proration unit to be dedicated to the existing Federal Invader Well No. 1 located at a standard location 1040 feet from the North line and 850 feet from the West line (Unit D) of said Section 1. 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 the applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 3.5 miles northeast of Lindrith, New Mexico.

Dockets Nos. 23-86 and 24-86 are tentatively set for August 6 and August 20, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY, JULY 23, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8941: (Readvertised)

Application of BCO, Inc. for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Alamito (State) Unit Area comprising 640 acres, more or less, of State lands all in Section 32, Township 23 North, Range 7 West.

CASE 8912: (Continued from June 25, 1986 Examiner Hearing)

Application of Parabo, Inc. 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 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.

CASE 8942: Application of BTA Oil Producers for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 5,082 feet to 5,120 feet in its Buckeye 8601 JV-P Well No. 1-SWD (Calatex Exploration, Inc. New Mexico State Well No. 1) located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 29, Township 17 South, Range 36 East.

CASE 8936: (Continued from July 9, 1986, Examiner Hearing)

Application of Santa Fe Energy 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 base of the Morrow formation, underlying either the SW/4 NW/4 of Section 33, Township 23 South, Range 31 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the W/2 of said Section 33 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, both aforementioned units 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 8820: (Reopened) (Continued from July 9, 1986, Examiner Hearing)

Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8943: Application of WR Oil and Gas Company for a Water/Steam Injection Pilot Project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot injection project by the injection of steam and water into the Miguel Creek-Gallup Oil Pool in 14 wells located in Sections 20, 21, 28, 29, Township 16 North, Range 6 West. Applicant further seeks authorization to inject under pressure in said project in excess of the OCD guidelines standard of 0.2 psi per foot of depth.

CASE 8939: (Continued from July 9, 1986, Examiner Hearing)

Application of Yates 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 Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3

located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from July 9, 1986, Examiner Hearing)

Application of Yates 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 Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8944: Application of Tenneco Oil Company for retroactive allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that the work performed on its Fields "LS" Well No. 2A located 1500 feet from the South line and 850 feet from the East line (Unit I) of Section 25, Township 32 North, Range 11 West, Blanco-Mesaverde Pool, be designated as a "workover" pursuant to the Division Rules and Regulations regarding gas prorationing in northwest New Mexico, so that the increased allowable assigned to the subject well's proration unit (the S/2 of said Section 25) would be made effective as of November 1, 1985.

CASE 8945: Application of Jerome P. McHugh and Associates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the E/2 of Section 12, Township 25 North, Range 2 West, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said 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 8946: Application of Jerome P. McHugh and Associates for an amendment to the special rules and regulations of the Gavilan-Mancos Oil Pool, promulgated by Division Order No. R-7407, to establish temporary special production allowable limitations and gas-oil ratio limitations for said pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-7407, dated December 20, 1983, to include therein a special temporary production allowable of 200 barrels of oil per day for a standard 320-acre spacing and proration unit and a special temporary gas-oil ratio limitation factor of 1,000 cubic feet of gas per barrel of oil produced.

CASE 8874: (Continued from June 25, 1986, Examiner Hearing)

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 8947: Application of Yates Petroleum Corporation for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Box Canyon Unit Well No. 2 located 2080 feet from the North line and 1980 feet from the West line (Unit F) of Section 13, Township 21 South, Range 21 East, Little Box Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8948: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the S/2 of Section 26, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, 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 8937: (Continued from July 9, 1986, Examiner Hearing)

Application of Mobil Producing Texas and New Mexico, Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Federal CCC Well No. 2 to be drilled 2970 feet from the South line and 2410 feet from the East line of Section 4, Township 16 South, Range 31 East, Undesignated North Square Lake Grayburg-San Andres Pool, Lot 15 of said Section 4 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

CASE 8949: Application of Mobil Producing Texas and New Mexico, Inc. for pool creation, special pool rules, discovery allowable, and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production comprising either the N/2 NE/4 or the E/2 NE/4 of Section 1, Township 17 South, Range 35 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre spacing and designated locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Lovington Deep State Well No. 1 located at an unorthodox oil well location for the proposed special pool rules 823 feet from the North line and 581 feet from the East line of said Section 1.

CASE 8950: Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-3401, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Commission by Division Order No. R-3401, dated April 11, 1968, issued in Case No. 3743, established Special Rules and Regulations for the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project, including a special gas-oil ratio of 2000 to 1 for the West Puerto Chiquito-Mancos Oil Pool. Applicant, in the above-styled cause, now seeks amendment of said Order No. R-3401 to provide for a special gas-oil ratio of 1000 to 1 and the establishment of a production limitation factor of 400 bbls. of oil per day for each 640-acre spacing unit in the pool

CASE 8951: Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-8124, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Division by Division Order R-8124, dated January 16, 1986, issued in Case 8745, authorized the applicant to conduct a long-term reservoir pressure test in the Mancos formation using certain wells in Rio Arriba County and further authorized the shut-in of certain wells and provided six months after completion of the test during which certain accumulated underproduction can be made up. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8124 to provide for twelve months after completion of the reservoir pressure test during which to make up the accumulated underproduction of certain wells resulting from the test. Applicant further requests that all other provisions in said Order No. R-8124 remain in full force and effect.

CASE 8952: Application of Benson-Montin-Greer Drilling Corporation for statutory unitization, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, being all or portions of the following lands in Rio Arriba County, New Mexico:

Sections 6 through 8 and 17 through 20, Township 24 North, Range 1 East;
 Sections 1 through 15 and 23 through 24, Township 24 North, Range 1 West;
 Sections 5 through 8, 17 through 20 and 29 through 31, Township 25 North, Range 1 East;
 Sections 1 through 36, Township 25 North, Range 1 West;
 Sections 19 and 20 and 29 through 32, Township 26 North, Range 1 East;
 Sections 1 through 36, Township 26 North, Range 1 West.

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 a fair, reasonable and equitable allocation of production and costs of production, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells 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 8932: (Continued from July 9, 1986, Examiner Hearing)

Application of Geo Engineering, Inc. for exceptions to Division General Rules 104(F) and 104(C) (I), McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority for the location of oil wells no nearer than 165 feet to the lease boundary or nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menafée member of the Mesaverde formation in the NW/4 of Section 32, Township 20 North, Range 9 West. Applicant also seeks authority allowing the operator to develop the area described with more than four wells on each 40-acre tract.

CASE 8933: (Continued from July 9, 1986, Examiner Hearing)

Application of Geo Engineering, Inc. for exceptions to Division General Rules 104(F) and 104(C) (I), McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority for the location of oil wells no nearer than 165 feet to the lease boundary or nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menafée member of the Mesaverde formation in the NE/4 of Section 30, Township 20 North, Range 9 West. Applicant also seeks authority allowing the operator to develop the area described with more than four wells on each 40-acre tract.

CASE 8953: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

- (a) CONTRACT the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, by the deletion of the following described area:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 23: NW/4

- (b) EXTEND the Angels Peak-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 28: NE/4 and N/2 NW/4

- (c) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 7: SW/4
Section 18: NW/4
Section 26: NW/4
Section 27: N/2 NW/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM
Section 21: SE/4
Section 22: SW/4

- (d) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM
Section 4: S/2 and NW/4
Section 9: N/2
Section 10: NW/4

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 36: E/2 E/2

- (e) EXTEND the Blanco-Fruitland Gas Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 4: NE/4
Section 9: NE/4
Section 10: NW/4
Section 27: NW/4
Section 28: N/2
Section 29: NE/4

TOWNSHIP 31 NORTH, RANGE 8 WEST, NMPM
Section 28: SE/4
Section 33: E/2

- (f) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 26: E/2

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 15: W/2
Section 16: All
Section 21: N/2
Section 22: N/2

- (g) EXTEND the South Blanco-Pictured Cliffs Gas Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 7: SW/4
Section 26: NW/4
Section 27: N/2

- (h) EXTEND the Counselors Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 5: N/2.
 Section 6: E/2
 Section 17: NW/4

- (i) EXTEND 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 1: SW/4
 Section 17: E/2
 Section 20: NE/4

- (j) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 9: NE/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 25: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 23: NW/4

- (k) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba and Sandoval Counties, New Mexico to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 6: W/2 W/2
 Section 7: W/2 NW/4, N/2 SE/4

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 1: NE/4 NE/4
 Section 24: E/2, S/2 SW/4, NE/4 SW/4
 Section 25: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 21: N/2, SE/4
 Section 28: NE/4

- (l) EXTEND the Otero-Chacra Oil Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 21: NE/4
 Section 22: W/2
 Section 24: SE/4

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM

Section 21: SW/4
 Section 28: NW/4

- (m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 21 NORTH, RANGE 6 WEST, NMPM

Section 1: W/2
 Section 12: E/2

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 28: NW/4

- (n) EXTEND the WAW Fruitland-Pictured Cliffs Gas Pool in San Juan County, New Mexico to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 10: S/2



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

June 2, 1986

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

MEMORANDUM NO. 4-86

TO: ALL OPERATORS AND INTERESTED PARTIES
FROM: R. L. STAMETS, DIRECTOR *RLS*
SUBJECT: CLARIFICATION OF ADMINISTRATIVE APPROVAL PROCESSES IN CERTAIN
POOLS WITH SPECIAL RULES

Division Rule 1 provides in part that: "Special rules, regulations and orders have been and will be issued when requested 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."

Over the years, many special pool rules have been written. Many of these contained special rules providing for administrative exceptions to such matters as location requirements or spacing unit size while others did not. One prevailing opinion is that the intent of those special rules without administrative exception provisions was to preclude such exceptions. The counter opinion is that when read with Rule 1, if nothing is said, then the administrative exception provisions in the General Rules shall apply.

Notice is hereby provided that it is henceforth to be Division policy to utilize the administrative exceptions or approval procedures of the General Rules when special pool rules are silent as to such exceptions. This policy will save both the Division and operators the cost of unnecessary hearings.

Any person who is aware of any pool with special rules which should preclude any of the administrative exceptions or approvals provided in the General Rules should notify this office of such situation at the earliest possible date providing the reasoning for precluding administrative exceptions. Thereafter, we would suspend this policy for such pool and schedule a case to modify such special rules to incorporate the necessary prohibitions.

RLS:dp




STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

June 11, 1986

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

MEMORANDUM NO. 5-86

TO: ALL OPERATORS AND INTERESTED PARTIES
FROM: R. L. STAMETS, DIRECTOR 
SUBJECT: EPA SAMPLING OF PRODUCED WATER AND DRILLING FLUIDS, NOTICE OF
OPEN MEETING

As required by Congress in the 1980 amendments to the Solid Waste Disposal Act, the USEPA is required to undertake studies of "drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil or natural gas or geothermal energy." These studies are to determine if these wastes should be regulated as "hazardous wastes" under provisions of the Resource Conservation and Recovery Act (RCRA). The studies are to include a nationwide field sampling program in oil and gas producing states to identify waste and pollutant characteristics. New Mexico sampling will begin June 25. Because of Congressional deadlines and budget constraints, EPA plans to sample only a few sites in New Mexico. Operators selected for visits will be notified separately.

The OCD is cooperating with the EPA by assisting in site selection, and providing information and some logistical support. This includes visits to the two major oil and gas production areas, and discussions with EPA staff on the existing State-run fresh water protection program.

The EPA has offered to participate in an informal open meeting to discuss the Congressional requirement for studies of oil and gas production wastes, the field sampling program, timetables, and other informational requirements related to this study. Before any standards or regulations on these wastes will be promulgated, EPA is required to complete these studies, hold formal public hearings, and make recommendations to Congress.

The meeting will be held at 9:30 a.m., Tuesday, June 24, in the OCD Conference Room (Room 205), in the State Land Office Building in Santa Fe. Copies of EPA's oil and gas sampling strategy document and other information are available from David Boyer of this Division at 827-5812.

RLS:DGB:dp



1935 - 1985

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TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 11, 1986

MEMORANDUM NO. 6-86

TO: ALL INTERESTED PARTIES

FROM: MICHAEL E. STOGNER, PETROLEUM ENGINEER *M.S.*

SUBJECT: PROPOSED NGPA RULE CHANGES AND AMENDMENTS TO DIVISION
ORDER NO. R-5878-B, AS AMENDED, PURSUANT TO CASE
NO. 8903

The following amendments are being proposed for Division Order No. R-5878-B, as amended, Special Rules for Applications for Wellhead Price Ceiling Category Determinations, in Case No. 8903.

Definitions:

"[USGS]: [United-State-Geological-Survey]

USBLM: United States Bureau of Land Management"

RULE 1.

" An application for Wellhead Price Ceiling Category Determination shall include affidavits of mailing or delivery of the Form C-132 or C-132-A and FERC Form No. 121 to all working interest owners and to all parties to the gas purchase contract, if any. The application shall be signed by the applicant or his authorized representative or agent."

RULE 2.

" ~~[The application shall be signed by the applicant or his authorized representative or agent]~~. A non-refundable filing fee in the amount of \$25.00 for each category sought per application must accompany each application when submitted to the New Mexico Oil Conservation Division. Payment must be by check or money order payable to the Oil Conservation Division. Cash will not be acceptable."

RULE 3.

" If a well is located on a State or fee lease, the application shall be filed with the Division. If a well is located on a federal or Indian lease, the application shall be filed with the [USGS] USBLM. If the well is located on a communitized lease, the application shall be filed with the agency having jurisdiction over the lands on which the well is situated."

RULE 4.

" Two complete copies of the application shall be filed with the Division's Santa Fe office. ~~[and a copy of the C-132 or C-132-A with the appropriate district office].~~"

RULE 13.

(Existing Rule 13 to be replaced in its entirety with the following.)

" For the purposes of NGPA only a proration unit for a given formation or pool shall automatically expire when the last well on the proration unit dedicated to said unit in that formation or pool has either been:

1. plugged and abandoned;
2. recompleted in another pool or formation;
3. converted to water injection within the producing horizon of said pool.

A copy of the Division Form C-103 for such well evidencing such plugging and abandonment, recompletion, or conversion shall be submitted, along with a copy of the Division Order approving water injection if applicable."

RULE 14.1.c.

" A location plat which locates and identifies the well for which the determination is sought and ~~[any other well which produced natural gas after January 1, 1970, and before April 20, 1977, and is within the 2.5 mile radius drawn from the well for which a determination is sought,]~~ all other wells within a 2.5 mile radius of the subject well with sufficient information on those wells to determine whether or not they are considered to be marker wells."

RULE 14.2.c.

" A location plat which locates and identifies the well for which the determination is sought and all wells ~~[which produced natural gas after January 1, 1970, and before April 20, 1977,~~] within the 2.5 mile radius drawn from the well for which a determination is sought, ~~[including specific identification of all marker wells within the 2.5 mile radius drawn from the well for which a determination is sought,~~] with sufficient information on those wells to determine whether or not they are considered to be marker wells."

RULE 16A.4.

" The C-102 attached to Form C-132 shall locate and identify the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located, giving for each well which has or is producing and/or injecting from the same pool or reservoir as the subject well the spud date, recompletion date, cumulative production, and date of plug and abandonment, if any."

RULE 17.5 (New Addition)

"5. Occluded Natural Gas Produced from Coal Seams

- a. FERC Form No. 121;
- b. Division Form C-132 and the required attachments;
- c. Geological information sufficient to support a determination that the gas being produced is naturally occurring gas released from entrapment from the fractures, pores, and bedding planes of coal seams. Such information shall include to the extent reasonably available to the applicant at the time the application is filed:
 - (1) well logs;
 - (2) a subsurface cross-section chart;
 - (3) gas analysis;
 - (4) all well completion reports for the well for which a determination is sought; and,
 - (5) a copy of the Division Order resulting from a hearing to establish a "Coal Seam Pool" if such a hearing was held by the Division;

- d. A detailed description of the production process if the gas is not produced through a well bore;
- e. A statement by the applicant, under oath, that the gas was produced from a coal seam and that the applicant has no knowledge of any information not described in the application which is inconsistent with his conclusion."

Dockets Nos. 21-86 and 22-86 are tentatively set for July 9 and July 23, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8909: (Continued from June 12, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to amend Rule 312 to provide for administrative approval of applications for treating plants, to require a cash or surety bond sufficient for surface reclamation of the treating plant facility site, and to additionally condition the bond upon land surface reclamation to OCD standards.

CASE 8903 (Continued from May 28, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS, pursuant to the Natural Gas Policy Act of 1978, as promulgated by Division Order No. R-5878-B, as amended. The proposed amendments to be considered include:

- 1) adopting an administrative procedure for NGPA Section 107, Occluded Natural Gas Produced from Coal Seams, wellhead filing requirements;
- 2) instituting a \$25.00 filing fee for each Application for Wellhead Price Ceiling Category Determination; and,
- 3) minor changes and/or clarification to the GENERAL RULES, DEFINITIONS, AND FILING REQUIREMENTS for NGPA Categories 102, 103, 107, and 108.

CASE 8912: (Continued from June 12, 1986, Examiner Hearing)

Application of Parabo, Inc. 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 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.

CASE 8925: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sandsage State Unit Area comprising 3,360.00 acres, more or less, of State and Fee lands in Township 15 South, Range 35 East.

CASE 8926: Application of Sage Energy 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 Saunders-Upper Permo Pennsylvanian Pool in the perforated interval from approximately 9565 feet to 9890 feet in its Lowe State Well No. 1 located 1980 feet from the South line and 660 feet from the West Line (Unit L) of Section 10, Township 15 South, Range 33 East.

CASE 8915: (Continued from June 12, 1986, Examiner Hearing)

Application of Tenneco Oil Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of four wells to the Basin-Dakota Pool on its City of Farmington Lease, all in Section 10, Township 29 North, Range 13 West, Farmington city limits, as follows:

- 1) Well No. 1
Surface Location (S.L.) - 2160' FSL - 1591' FEL
Bottom Hole Location (B.H.L.) - 1750' FSL - 1775' FEL
- 2) Well No. 1-E
S.L. - 2203' FSL - 1653' FEL
B.H.L. - 1650' FN & EL
- 3) Well No. 2
S.L. - 2159' FSL - 1712' FEL
B.H.L. - 1650' FS & WL
- 4) Well No. 2-E
S.L. - 2246' FSL - 1712' FEL
B.H.L. - 1650' FN & WL

Wells Nos. 1 and 1-E to be dedicated to the E/2 of said Section 10 and Wells Nos. 2 and 2E to be dedicated to the W/2 of said Section 10.

CASE 8927: Application of BHP Petroleum Company Inc. 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 proposed S. E. Dean Federal "10" Well No. 1 to be drilled 1000 feet from the North line and 1100 feet from the East line of Section 10, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 NE/4 of said Section 10 to be dedicated to the well.

CASE 8891: (Continued from June 12, 1986, Examiner Hearing)

Application of Manana Gas, Inc. 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 for its proposed Hartman Well No. 1-E to be drilled 1230 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Basin-Dakota Pool, the E/2 of said Section 22 to be dedicated to the well.

CASE 8892: (Continued from June 12, 1986 Examiner Hearing)

Application of Manana Gas, Inc. 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 for its proposed Nancy Hartman Well No. 1 to be drilled 1100 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the NE/4 of said Section 22 to be dedicated to the well.

CASE 8928: (This case will be dismissed)

Application of Union Oil Company of California for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Esperanza Delaware Pool in the perforated interval from approximately 2832 feet to 3794 feet in its Wersell Federal Well No. 1 located 810 feet from the North line and 1980 feet from the West line (Unit C) of Section 4, Township 22 South, Range 27 East.

CASE 8874: (Continued from June 12, 1986, Examiner Hearing)

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 8929: Application of ARCO Oil and Gas Company for exception to the Division "No-Flare" General Rule No. 306, for two wells in the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 306 to flare casinghead gas from its ARCO Leeson Well No. 1 located 1740 feet from the South line and 1800 feet from the West line (Unit K) of Section 27, and from its ARCO Leeson Well No. 2 located 1885 feet from the North line and 515 feet from the West line (Unit E) of Section 27, both in Township 25 North, Range 3 West.

CASE 8866: (Continued from May 28, 1986, Examiner Hearing)

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 well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8922: (Continued from June 12, 1986, Examiner Hearing)

Application of Amoco Production Company for the reinstatement of cancelled underproduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled for the 1983-84 and 1984-85 proration periods for the existing 640-acre standard gas proration unit comprising all of Section 11, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool and dedicated to its Smith Federal Well No. 1 located 1650 feet from the North and West lines (Unit F) of said Section 11.

CASE 8923: (Continued from June 12, 1986, Examiner Hearing)

Application of Amoco Production Company for the reinstatement of cancelled underproduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled for the 1983-84 and 1984-85 proration periods for the existing 640-acre standard gas proration unit comprising all of Section 12, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool and dedicated to its Smith Federal Gas Com Well No. 1 located 1650 feet from the North line and 2310 feet from the West line (Unit F) of said Section 12.

CASE 8930: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, reclassifying, and extending certain pools in Lea County, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the North Lovington-Queen Pool. The discovery well is the Lynx Petroleum Consultants Inc. Geraldine Doughty Well No. 1 located in Unit K of Section 25, Township 16 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 25: SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas well for Mississippian production and designated as the South Shoe Bar-Mississippian Gas Pool. The discovery well is the Manzano Oil Corporation Apple MS Well No. 1 located in Unit C of Section 12, Township 17 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 12: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Stallion-Devonian Pool. Further, assign approximately 60,845 barrels of discovery allowable to the discovery well, the American Trading & Production Corporation Lowe Federal Well No. 1 located in Unit D of Section 7, Township 13 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 7: NW/4

(d) RECLASSIFY the Scharb-Queen Gas Pool in Lea County, New Mexico, as the Scharb-Queen Oil Pool due to the reclassification of the only producing well in the pool from gas to oil.

(e) EXTEND the South Humble City-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 14: NE/4

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

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 35: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 26: SW/4
Section 27: SE/4

- (h) EXTEND the San Simon-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 5: NE/4

- (i) EXTEND the San Simon-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 4: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 12: SE/4

CASE 8931: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Los Medanos-Morrow Gas Pool. The discovery well is the Pogo Producing Company Federal Neff Well No. 1 located in Unit C of Section 25, Township 22 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 25: N/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Saladar-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Stonewall EP State Com. Well No. 4 located in Unit H of Section 30, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 30: E/2

- (c) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 13: NE/4

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 18: NW/4

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 21: SE/4

- (e) EXTEND the North Hackberry Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 22: NW/4

- (f) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 23: E/2
Section 26: NE/4

- (g) EXTEND the West Millman-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 14: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 25: W/2
Section 26: E/2

- (i) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 12: SE/4

- (j) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 25: N/2

- (k) EXTEND the Scoggin Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 9: N/2
Section 10: N/2

- (l) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 35: NW/4

CASE 8909
PROPOSED TREATING PLANT RULE

RULE 312 Treating Plant

(a) Prior to the construction of a treating plant, application in the form of an affidavit for treating plant permit shall be filed in duplicate with the Santa Fe office of the Division and one copy to the appropriate district office. Such application shall be accompanied by:

- (1) a plat showing the location of the plant in relation to governmental surveys (section, township and range) and to highways or roads giving access to the plant site;
- (2) a description of the plant, type and process of treatment and design capacity;
- (3) a diagrammatic plan of plant layout including location of water wells, pits, dikes, dwellings, fences and cattle-guards within 1/4 mile of the site;
- (4) a description of containment dikes and pits, if any, with detailed information on construction and lining;
(Note: any pits, lined pits or below grade tanks used at the site must meet Division requirements for ground water protection);
- (5) a demonstration that any unmerchantable solids or liquids resulting from operation of the facility will be disposed of at a Division approved site;
- (6) a surety or cash bond in the amount of \$25,000, in a form approved by the Division, conditioned upon compliance with statutes of the State of New Mexico and rules of the Division and the satisfactory clean-up of site upon cessation of operation; and,

(7) a demonstration that the notice requirements of Paragraph (b) of this rule have been met.

(b) The applicant shall give written notice to the owners of the surface of the plant site (and an area within one-half (1/2) mile). The applicant shall also give notice of his application by advertisement in a paper of general circulation published in the county in which the treating plant is to be located. Both the written notice and published notice shall state the name of the plant operator, the nature of the proposed operation, the design capacity, and that any person seeking to oppose such application must file a protest within 20 days of the date of the notice.

(c) The Director of the Division may issue a treating plant permit upon a finding that a complete and proper application has been filed and that no party has objected within 20 days following submittal of the application.

The permit shall be consistent with the application and appropriate requirements of Division rules and The Oil and Gas Act.

The Director of the Division may set any application for a treating plant permit for public hearing.

(d) The Director of the Division may suspend any treating plant permit when it appears that such suspension is necessary to prevent waste, to protect fresh water, or to assure compliance with Division rules.

(e) Such permit shall entitle the treating plant operator to an approved Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas, for the total amount of products secured from sediment oils and miscellaneous hydrocarbons processed by the operator. All permits shall be revocable, after notice and hearing, upon showing of good cause.

(f) No treating plant operator may accept sediment oil at or into the treating facility unless the same is accompanied by an approved Form C-117-A (Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit).

(g) Except as provided under Rule 311(h), no treating plant operator may accept tank bottoms from pipeline stations, crude oil storage terminals or refineries, pipeline break oil or other miscellaneous hydrocarbons for processing or mixing with recovered pipeline oil unless the same is accompanied by an approved Form C-117-A.

(h) All treating plant operators shall file a monthly report which shall detail the net oil recovered and sold during the preceding month. See Rule 1118.

The operator of each lease from which sediment oil is removed for reclamation shall be promptly notified by the treating plant operator of the amount of pipeline oil recovered therefrom. In the event sediment oil from two or more separate leases is to be commingled prior to treating, the treating plant operator shall determine the amount of pipeline oil attributable to each lease by testing a representative sample of the sediment oil from said lease in accordance with the standard centrifugal test prescribed by the API Manual of Petroleum Measurement Standards, Chapter 10, Section 4. Other test procedures may be used if such procedures reliably predict the percentage of good oil to be recovered from sediment oil.

(i) Upon cessation of treating plant operations for 6 consecutive months, the operator will complete cleanup and restoration of the facility site to Division standards within 6 months, unless an extension of time is granted by the Director of the Division.

Dockets Nos. 20-86 and 21-86 are tentatively set for June 25 and July 9, 1986. Applications for hearing must be filed at least 12 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 12, 1986
8:15 P.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- CASE 8909: In the matter of the hearing called by the Oil Conservation Division on its own motion to amend Rule 212 to provide for administrative approval of applications for treating plants, to require a cash or surety bond sufficient for surface reclamation of the treating plant facility site, and to additionally condition the bond upon land surface reclamation to OCD standards.
- CASE 8910: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. F. Roberts, Jr., Great American Insurance Company, and other interested parties to appear and show cause why the Bogle Farms SWD Well No.1 located 660 feet from the South and West lines of Section 16, Township 11 South, Range 34 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 8911: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit I. & W., Inc. to appear and show cause why its Form C-133, Authorization to Haul Water, should not be cancelled for non-compliance with Oil Conservation Division's regulations.
- CASE 8912: Application of Parabo, Inc. 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 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.
- CASE 8913: Application of Exxon Corporation for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 525 feet from the West line of Section 7, Township 17 South, Range 29 East, Undesignated South Empire-Morrow Gas Pool, the NE/4, E/2 NW/4, and Lots 1 and 2 of said Section 7 to be dedicated to said well forming a 292.32-acre non-standard gas spacing and proration unit.
- CASE 8914: Application of Chase Energy, 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 Slick Rock-Dakota Oil Pool in the open-hole interval from 750 feet to 758 feet in their DEB Well No. 18 located 510 feet from the South line and 420 feet from the East line (Unit P) of Section 36, Township 30 North, Range 17 West.
- CASE 8891: (Continued from May 28, 1986, Examiner Hearing)
- Application of Manana Gas, Inc. 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 for its proposed Hartman Well No. 1-E to be drilled 1230 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Basin-Dakota Pool, the E/2 of said Section 22 to be dedicated to the well.
- CASE 8892: (Continued from May 28, 1986, Examiner Hearing)
- Application of Manana Gas, Inc. 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 for its proposed Nancy Hartman Well No. 1 to be drilled 1100 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the NE/4 of said Section 22 to be dedicated to the well.
- CASE 8915: (This case will be continued to June 25, 1986)
- Application of Tenneco Oil Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of four wells to the Basin-

Sakota Pool on its City of Farmington Lease, all in Section 10, Township 29 North, Range 13 West, Farmington city limits, as follows:

- 1) Well No. 1
Surface Location (S.L.) - 2160' FSL - 1591' FEL
Bottom Hole Location (B.H.L.) - 1750' FSL - 1775' FEL
- 2) Well No. 1-E
S.L. - 2203' FSL - 1653' FEL
B.H.L. - 1650' FM & EL
- 3) Well No. 2
S.L. - 2159' FSL - 1712' FEL
B.H.L. - 1650' FS & WL
- 4) Well No. 2-E
S.L. - 2246' FSL - 1712' FEL
B.H.L. - 1650' FM & WL

Wells Nos. 1 and 1-E to be dedicated to the E/2 of said Section 10 and Wells Nos. 2 and 2E to be dedicated to the W/2 of said Section 10.

Case 8870: (Continued from May 28, 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 in to 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 8874: (Continued from May 28, 1986, Examiner Hearing)

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 8916: Application of Yates Drilling Company for waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Yates Artesia Metex Unit Waterflood Project, authorized by Division Order No. R-4609, dated August 13, 1973, by converting its Artesia Metex Unit Well No. 35 located 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 18 South, Range 27 East, Artesia-Queen-Grayburg-San Andres Pool, Artesia Metex Unit Area, from a producing oil well to a water injection well.

Case 8818: (Continued from May 28, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Avalon-Delaware Pool in the perforated interval from 2595 feet to 3685 feet in its Stonewall "YE" State Well No. 1 located 1650 feet from the South line and 1980 feet from the East line (Unit J), Section 30, Township 20 South, Range 28 East. In the absence of objection, this case will be approved pursuant to Division Rules and Regulations.

Case 8848: (Continued from May 14, 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 8849: (Continued from May 14, 1986, Examiner Hearing)

Application of Southland Royalty 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 four 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) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

CASE 8917: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 10, Township 19 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1935 Well No. 101 located 1650 feet from the North and West lines (Unit F) of said Section 10. 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 8918: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 1, Township 19 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1935 Well No. 011 located 1980 feet from the South and West lines (Unit K) of said Section 1. 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 charge for risk involved in drilling said well.

CASE 8919: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 9, Township 19 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1935 Well No. 091 located 2310 feet from the South and West lines (Unit K) of said Section 9. 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 8920: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 13, Township 19 North, Range 34 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1934 Well No. 131 located 660 feet from the North line and 1973 feet from the East line (Unit B) of said Section 13. 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 8921: Application of Amoco Production Company for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Brantley Gas Com Well No. 1 located 1880 feet from the South line and 2080 feet from the West line (Unit K) of Section 22, Township 23 South, Range 28 East, North Loving-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8922: Application of Amoco Production Company for the reinstatement of cancelled underproduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled for the 1983-84 and 1984-85 proration periods for the existing 640-acre standard gas proration unit comprising all of Section 11, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool and dedicated to its Smith Federal Well No. 1 located 1650 feet from the North and West lines (Unit F) of said Section 11.

CASE 8923: Application of Amoco Production Company for the reinstatement of cancelled underproduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled for the 1983-84 and 1984-85 proration periods for the existing 640-acre standard gas proration unit comprising all of Section 12, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool and dedicated to its Smith Federal Gas Com Well No. 1 located 1650 feet from the North line and 2310 feet from the West line (Unit F) of said Section 12.

Docket No. 19-86

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 19, 1986
9 A.M. - OIL CONSERVATION COMMISSION, ROOM 205, STATE
LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8924: Application of Lewis B. Burleson, Inc. for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 150-acre non-standard gas spacing and proration unit comprising the following described acreage in Township 25 South, Range 37 East, Jalmat Gas Pool:

E/2 NW/4 (80 acres);
NW/4 NE/4 (40 acres);
W/2 NE/4 NE/4 (20 acres); and
W/2 E/2 NE/4 NE/4 (10 acres);

Applicant further seeks approval for an unorthodox gas well location 1980 feet from the North line and 2180 feet from the West line of said Section 22, to be dedicated to the above-described non-standard proration unit.

CASE 8690: (Continued from May 20, 1986, Commission Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 400-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 400-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2, and 3. Applicant further seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above non-standard proration unit. 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. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8902: (Continued from May 20, 1986, Commission Hearing)

Application of Doyle Hartman for compulsory pooling, two non-standard proration units, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of a well located at an unorthodox well location, 1650 feet from the South line and 660 feet from the West line of Section 22, Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 of Section 22, and the W/2 NW/4 and SE/4 NW/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval of the simultaneous dedication of said 200-acre non-standard proration unit to the subject well in the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2 and 3. Applicant also seeks the approval of an unorthodox well location 330 feet from the North line and 1650 feet from the West line of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, to be dedicated to a 200-acre non-standard gas proration unit comprising the W/2 SE/4 of Section 22, and the NE/4 NW/4 and the W/2 NE/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool only, and an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying this non-standard proration unit. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 8761: (De Novo)

Application of Chaveroo Operating 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 Vacuum Grayburg-San Andres Pool in the perforated interval from approximately 4804 feet to 5212 feet in 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. Upon application of Chaveroo Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8865: (De Novo)

Application of Santa Fe Exploration Company for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Exxon State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 2, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste. Upon application of Santa Fe Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8640: (De Novo) (Readvertised)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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. Upon application of Meridian Oil Inc. and El Paso Natural Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8901: (Continued from May 20, 1986, Commission Hearing)

Application of Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc., and Abo Petroleum Corporation for determination of reasonable well costs, Chaves County, New Mexico. The

New Mexico Oil Conservation Commission issued Division Order No. R-7393 on December 2, 1983 for Case No. 7984, which compulsorily pooled all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, forming a standard 160-acre gas spacing and proration unit and all mineral interests from the top of the Wolfcamp formation to the PreCambrian underlying the W/2 of said Section 20, forming a standard 320-acre gas spacing and proration unit, named Jack J. Grynberg the operator of the units, and established a well costs schedule for each zone based on proposed total depth and depth of the Abo zone. Applicants, in the above-styled cause, as interest owners in the Grynberg State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 which was drilled pursuant to the compulsory pooling provisions of said Order No. R-7393, now seeks an order ascertaining the reasonableness of actual well costs for the subject well.

Dockets Nos. 18-86 and 19-86 are tentatively set for June 12 and June 25, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 28, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8878: (Continued from May 14, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8903: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS, pursuant to the Natural Gas Policy Act of 1978, as promulgated by Division Order No. R-5878-B, as amended. The proposed amendments to be considered include:

- 1) adopting an administrative procedure for NGPA Section 107, Occluded Natural Gas Produced from Coal Seams, wellhead filing requirements;
- 2) instituting a \$25.00 filing fee for each Application for Wellhead Price Ceiling Category Determinations; and,
- 3) minor changes and/or clarification to the GENERAL RULES, DEFINITIONS, AND FILING REQUIREMENTS for NGPA Categories 102, 103, 107, and 108.

CASE 8904 Application of Amerind Oil Company 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 proposed Wiser "B" State Well No. 1 to be drilled 810 feet from the North line and 1650 feet from the East line of Section 29, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the W/2 NE/4 of said Section 29 to be dedicated to the well.

CASE 8905: Application of Oilfield Services for an oil treating plant permit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 33, Township 29 North, Range 11 West.

CASE 8890: (Continued from May 14, 1986, Examiner Hearing)

Application of Northwest Pipeline Corp. 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 8906: (This case will be dismissed)

Application of Shell Western E & P, Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Shell Black Waterflood Project, authorized by Division Order No. R-2747, dated July 29, 1964, by converting its Black Well No. 1 located 1980 feet from the South and East lines (Unit J) of Section 21, Township 24 South, Range 37 East, Langlie Mattix (Seven Rivers-Queen) Pool, from a producing oil well to a water injection well.

CASE 8891: (Continued from May 14, 1986, Examiner Hearing)

Application of Manana Gas, Inc. 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 for its proposed Hartman Well No. 1-E to be drilled 1230 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Basin-Dakota Pool, the E/2 of said Section 22 to be dedicated to the well.

CASE 8892: (Continued from May 14, 1986, Examiner Hearing)

Application of Manana Gas, Inc. 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 for its proposed Nancy Hartman Well No. 1 to be drilled 1100 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the NE/4 of said Section 22 to be dedicated to the well.

CASE 8870: (Continued from May 14, 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 8907: Application of Minerals Inc. for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Llano "34" State Com Well No. 1 located 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 34, Township 21 South, Range 34 East, East Grama Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8866: (Continued from April 30, 1986, Examiner Hearing)

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 well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8874: (Continued from April 30, 1986, Examiner Hearing)

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 8818: (Continued from May 14, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Avalon-Delaware Pool in the perforated interval from 2595 feet to 3685 feet in its Stonewall "YE" State Well No. 1 located 1650 feet from the South line and 1980 feet from the East line (Unit J), Section 30, Township 20 South, Range 28 East. In the absence of objection, this case will be approved pursuant to Division Rules and Regulations.

CASE 8908: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending certain pools in Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Buffalo-Yates Pool. Further, assign approximately 17,550 barrels of discovery allowable to the discovery well, the Amoco Production Company Nellis Fed Well No. 3 located in Unit F of Section 6, Township 19 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Lea-Delaware Pool. The discovery well is the Spectrum 7 Exploration Company Mobil State Well No. 1 located in Unit J of Section 2, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: SE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Lea-Wolfcamp Gas Pool. The discovery well is the TXO Production Corporation Jordan B Well No. 2 located in Unit G of Section 11, Township 20 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 11: N/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production with special vertical limits from the top of the Strawn formation at 10,882 feet to the base of the Strawn formation at 11,092 feet as found on Socony Mobil Oil Company State Bridges Well No. 96 located in Unit H of Section 26, Township 17 South, Range 34 East, NMPM, type log for Vacuum area Pennsylvanian pools, said pool to be designated as the Vacuum-Strawn Pool. The discovery well is the Mobil Producing TX & NM Inc. Bridges State Well No. 506 located in Unit N of Section 13, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 13: SW/4

- (e) CONTRACT the horizontal limits of the West Mescalero-Pennsylvanian Pool in Lea County, New Mexico, in order to correct an overlap with the Mescalero-Permo Pennsylvanian Pool, by the deletion of the following described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 33: NW/4

- (f) EXTEND the Antelope Ridge-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 33: W/2 W/2

- (g) EXTEND the Cary-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 28: SW/4

- (h) EXTEND the Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 23: SE/4
Section 24: SW/4

- (j) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 34: N/2

- (k) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 24: SW/4
Section 25: NW/4
Section 26: E/2 NE/4 and S/2
Section 27: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 13: NW/4
Section 14: E/2

- (m) EXTEND the Sand Dunes-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4
Section 7: W/2

Dockets Nos. 15-86 and 16-86 are tentatively set for May 14 and May 28, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 30, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8878: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8872: (Continued from April 16, 1986, Examiner Hearing)

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 8879: Application of Dugan Production Corporation for an exception 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 an exception to the well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing an unorthodox oil well location for its Divide Well No. 3 to be located 1780 feet from the South line and 2120 feet from the West line of Section 35, Township 26 North, Range 2 West, the W/2 of said Section 35 to be dedicated to the well.

CASE 8880: Application of Dwight Crawford, d/b/a Crawford Treating Company, for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 of Section 12, Township 20 South, Range 38 East.

CASE 8873: (Continued from April 16, 1986, Examiner Hearing)

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 40-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 8773: (Continued and Readvertised)

Application of Bliss Petroleum, Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing J. W. Grizzell "A" Well No. 1 located 1034 feet from the South line and 2635 feet from the West line of Section 5, Township 22 South, Range 37 East, San Andres formation, the SW/4 of said Section 5 to be dedicated to said well. Applicant further seeks approval of an unorthodox oil well location for said well if completed as an oil well in any formation from the surface to the base of the San Andres formation, the SE/4 SW/4 of said Section 5 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

CASE 8881: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 660 feet from the South and East lines of Section 13, Township 19 South, Range 24 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 8882: Application of Yates 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 Lower Abo and Upper Wolfcamp formations, in the perforated interval from 10,050 feet to 10,350 feet in its Freeman ACF Well No. 1, located 660 feet from the South and West lines of Section 22, Township 16 South, Range 37 East.

CASE 8883: Application of Yates Petroleum Corporation for salt water disposal, Chaves 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 4058 feet to 4308 feet in its Sun "CW" Fed. Well No. 2 located 1650 feet from the North line and 330 feet from the East line of Section 10, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 8870: (Continued from April 16, 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 8884: Application of Mobil Producing Texas and New Mexico, Inc. 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 5050 feet to 5650 feet in its Bridges State Well No. 511 located 474 feet from the South line and 1904 feet from the East line of Section 23, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool.

CASE 8874: (Continued from April 16, 1986, Examiner Hearing)

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 8885: Application of Amoco 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 Wolfcamp formation in the perforated interval from 9080 feet to 9979 feet in its State NC Well No. 1 located 1320 feet from the North line and 660 feet from the East line of Section 3, Township 16 South, Range 32 East, Anderson Ranch-Wolfcamp Pool.

CASE 8866: (Continued from April 2, 1986, Examiner Hearing)

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 well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8886: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Lea County, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Jabalina-Strawn Gas Pool. The discovery well is the Amoco Production Company Perro Grande Unit Strawn Federal Well No. 1 located in Unit J of Section 6, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 6: E/2

(b) CONTRACT the Warren-Drinkard Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4

(c) EXTEND the Skaggs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4

(d) EXTEND the West Casey-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 33: NW/4 and E/2 NE/4

(e) EXTEND the Eight Mile Draw-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 24: SE/4
Section 25: NE/4

- (f) EXTEND the Laguna Valley-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 15: E/2
Section 22: NE/4
Section 23: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 22: SE/4
Section 23: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 17: SW/4
Section 29: NE/4

- (i) EXTEND the East Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 26: NW/4
Section 27: NE/4

- (j) EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 30: S/2

- (k) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 23: SW/4
Section 25: SW/4
Section 26: W/2 NE/4
Section 36: NW/4

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

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 29: NE/4

- (m) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 9: NE/4

- (n) EXTEND the South Shoe Bar-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 22: N/2
Section 23: NW/4

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 40-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 production 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.