

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 1/4 SW 1/4 (Unit D) 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 9255: 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 34.36 acres, being all of Lot 2 (24.76 acres), and the eastern 2/5 of Lot 3 (10.10 acres) with a well located 464 feet from the South line and 2154 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 state line between N.M. Mile Marker Nos. 45 and 46.
- CASE 9257: Application of Mesa Grande Resources, Ltd. 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 Gevian-Lancos Oil Pool underlying all of Section 17, 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 5 miles north of Lordsburg, 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-Atoxa Gas Pool. The 1/2 of said Section 35 to be dedicated to the well. Said well is located approximately 3 miles northwest of the San Simon Sink.
- CASE 9247: (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 1/2 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 300 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 Ancon 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 Chulup-Lakota 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 Grayburn-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 Atoxa 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 340 feet from the East line (Unit A) of said Section 35. Said location is approximately 7 miles east-southeast of Lindrieth, New Mexico.

CASE 9256: 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. 33.

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 Pro-rated 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 Pro-rated 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 560 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 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 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. 27-86 and 28-86 are tentatively set for September 3 and September 17, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 20, 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:

CASE 8968: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit John Caranta d/b/a Cardel Oil Company, Fidelity and Deposit Co., and all other interested parties to appear and show cause why the Caranta Well No. 1 located 1980 feet from the South and East lines (Unit J) of Section 23, Township 32 North, Range 1 West, Rio Arriba County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8969: Application of Marathon Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Park Deep Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 11 South, Range 27 East.

CASE 8970: Application of Yates Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of temporary special pool rules for the Sammal-Queen Pool establishing a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil.

CASE 8939: (Continued from August 6, 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 August 6, 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 8971: Application of Cinco, Ltd. for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 36, Township 30 North, Range 7 West, Blanco Mesaverde Pool, to be dedicated to a well to be drilled at a standard gas well location in said Section 36. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for Prorated Gas Pools in New Mexico as promulgated by Division Order No. R-8170 authorizing a full 320-acre acreage factor to be assigned to said non-standard gas proration unit.

CASE 8972: Application of The Estate of Edward Gerber and Iris Gerber Damson for a non-standard gas proration unit and an exception to Rule 5(a)2(2) of Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 36, Township 30 North, Range 7 West, Blanco Mesaverde Pool, to be dedicated to a well to be drilled at a standard gas well location in said Section 36. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for Prorated Gas Pools in New Mexico as promulgated by Division Order No. R-8170 authorizing a full 320-acre acreage factor to be assigned to said non-standard gas proration unit.

CASE 8973: Application of Mobil Producing Texas and New Mexico, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water (at a rate not to exceed 3300 barrels of water per day) into the Delaware formation in the perforated interval from approximately 3849 feet to 4022 feet in its Government "D" Well No. 4 located 1554 feet from the North line and 1980 feet from the East line (Unit G) of Section 1, Township 21 South, Range 27 East.

CASE 8963: (Readvertised)

Application of Mesa Grande Resources, Inc. for compulsory pooling and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the W/2 of Section 16, Township 25 North, Range 2 West, to be dedicated to a well to be drilled at an unorthodox oil well location 1035 feet from the South line and 1125 feet from the West line of said Section 16. 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 8961: (Readvertised)

Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit, and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 186.36-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 18, 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 an unorthodox oil well location 1920 feet from the North line and 720 feet from the East line of said Section 18.

CASE 8962: (Readvertised)

Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 185.84-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3 and 4 of Section 7, 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 an unorthodox oil well location 1700 feet from the North line and 600 feet from the East line of said Section 7.

CASE 8974: 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 to be no nearer than 165 feet to the lease boundary nor nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menefee member of the Mesaverde formation in the NE/4 and the W/2 of Section 28, 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 8932: (Continued from July 23, 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 Menefee 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 23, 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 Menefee 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 8975: Application of North American Royalties, Inc. for the amendment of Division Order No. R-8192, Lea County, New Mexico. Division Order No. R-8192 issued in Case No. 8844, on March 31, 1986, compulsorily pooled all mineral interests in any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation underlying the S/2 of Section 11, Township 16 South, Range 36 East, forming a standard 320-acre unit, named Manzano Oil Corporation the operator of the proposed unit, and provided for the operator to commence the drilling of a well at a standard location in the NW/4 SE/4 (Unit J) of said Section 11 on or before July 1, 1986. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8192 designating North American Royalties, Inc. the operator of the subject well and unit. In the absence of objection, this case will be approved pursuant to Division Rules and Regulations.

CASE 8976: 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 open-hole interval from approximately 4790 feet to 6400 feet in the ARCO Oil and Gas Co. Atlantic "B" State Well No. 2 located 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 30, Township 17 South, Range 36 East.

CASE 8977: Application of Foran Oil Company or, in the alternative, Estorial Producing Corporation, for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation in the Northeast Lovington-Pennsylvanian Pool underlying the N/2 SE/4 of Section 1, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-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 8978: Application of Foran Oil Company or, in the alternative, Estorial Producing Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 SW/4 of Section 6, Township 16 South, Range 37 East, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-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 8979: 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, to be dedicated to a well to be completed at a standard bottom-hole 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 8980: 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 W/2 of Section 10, Township 29 North, Range 13 West, to be dedicated to a well to be completed at a standard bottom-hole 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 8981: 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 Eddy County, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the South Culebra Bluff-Wolfcamp Gas Pool. The discovery well is the HNG Oil Co. Fate 34 Well No. 1, located in Unit N of Section 34, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 34: W/2

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 9: SE/4
Section 10: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 19: SW/4

- (d) EXTEND the Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 13: E/2

- (e) EXTEND the Outpost-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 25: W/2

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

TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

Section 19: N/2