

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO  
HEREBY CERTIFY the foregoing Transcript of Hearing before  
the Oil Conservation Division (Commission) was reported by  
me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 929,  
heard by me on June 3 1987.

David H. Catanzaro, Examiner  
Oil Conservation Division

Dockets Nos. 19-87 and 20-87 are tentatively set for June 17 and July 1, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 3, 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 3878: (Reopened)

In the matter of Case 3878 being reopened pursuant to the provisions of Division Order No. R-8235, which order amended Rule 101 of the Division Rules to provide for the acceptance of cash bonds as well as surety bonds. Said rule will be reviewed to determine whether it is appropriate in meeting the needs of industry.

CASE 9139: Application of Elf Aquitaine Petroleum for a horizontal directional drilling pilot project and special operating rules therefor, West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the W/2 of Section 14, Township 23 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool. From a well to be located on the surface 500 feet from the North line and 1500 feet from the West line of Section 14, Township 23 North, Range 3 West, the applicant proposes to extend the wellbore horizontally and dedicate both the NW/4 and SW/4 of said Section 14 in the West Lindrith Gallup-Dakota Oil Pool to the well, either forming two standard 160-acre oil proration units or a single unorthodox 320-acre oil proration unit in said pool. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal extent of the wellbore and special allowable considerations.

CASE 9140: Application of Permian Corporation for an exception to Division Order No. R-3221, as amended, Eddy 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 into a salt lake located in the NW/4 of Section 2, Township 23 South, Range 29 East.

CASE 8190: (Reopened)

In the matter of Case 8190 being reopened pursuant to the provisions of Division Order No. R-7556, which order established special rules and regulations for the Bravo Dome 640-Acre Area in Union, Harding, and Quay Counties, including a provision for 640-acre spacing units. Interested parties may appear and show cause why the Bravo Dome 640-Acre Area should not be developed on less than 640-acre spacing and proration units.

CASE 8352: (Reopened)

In the matter of Case 8352 being reopened pursuant to the provisions of Division Order No. R-7737, which order established special rules and regulations for the West Bravo Dome Carbon Dioxide Gas Area in Harding County, including a provision for 640-acre spacing units. Interested parties may appear and show cause why the West Bravo Dome Carbon Dioxide Gas Area should not be developed on less than 640-acre spacing and proration units.

CASE 9126: (Continued from May 20, 1987, Examiner Hearing)

Application of I & W, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Undesignated Empire-Wolfcamp (abandoned) Pool in the perforated interval from approximately 7518 feet to 7832 feet and in the open-hole interval from 7832 feet to 7961 feet in the Frostman Oil Corporation Walter Solt State Well No. 1 located 2240 feet from the South line and 400 feet from the West line (Unit L) of Section 5, Township 18 South, Range 28 East.

CASE 9141: Application of Marshall & Winston, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.1.(ii), pooling all mineral interests from the surface to the base of the Abo formation underlying Lot No. 13 (Unit M) of Irregular Section 6, Township 21 South, Range 38 East, forming a standard statewide 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard location 3350 feet from the South line and 660 feet from the East line of said Section 6. Applicant further seeks a 200 percent penalty to be assessed as a charge for the risk involved in the drilling of said well, \$3600.00 per month while drilling and \$360.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named operator of said well and unit. IF THERE ARE NO OBJECTIONS THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

- CASE 9142: Application of TXO Production Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying either the SW/4 NE/4 (Unit G) of Section 36, Township 16 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within the formation, or the W/2 NE/4 of said Section 36 to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 80-acre spacing, either unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the costs incurred in the drilling and completion of the 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.
- CASE 9143: Application of Amerind Oil Co. 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 a well to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 33, Township 16 South, Range 37 East, Shipp-Strawn Pool, the E/2 SW/4 of said Section 33 to be dedicated to the well.
- CASE 9130: (Continued from May 6, 1987, Examiner Hearing) (This case will be continued to July 29, 1987.)  
Application of Apache Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 660 feet from the North and East lines of Section 27, Township 22 South, Range 34 East, to test the Morrow formation, the N/2 of said Section 27 to be dedicated to the well.
- CASE 9131: (Continued from May 6, 1987, Examiner Hearing) (This case will be continued to July 29, 1987.)  
Application of Apache Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 1980 feet from the South line and 990 feet from the East line of Section 22, Township 22 South, Range 34 East, to test the Morrow formation, the S/2 of said Section 22 to be dedicated to the well.
- CASE 9144: Application of Harvey E. Yates Company for revocation of Division Orders Nos. R-7240 and R-8190 and for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order revoking the provisions of Division Order No. R-7240 relating to the compulsory pooling of the S/2 SE/4 of Section 8, Township 16 South, Range 37 East, and revoking Division Order No. R-8190 in its entirety. Applicant now seeks to pool all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the E/2 SE/4 of said Section 8, forming a standard 80-acre oil spacing and proration unit to be dedicated to its existing East Lovington "8" Well No. 2 located 1874 feet from the South line and 554 feet from the East line (Unit I) of said Section 8, and further pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the W/2 SE/4 of said Section 8, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the costs incurred in the drilling and completion of both wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 9107: (Continued from May 6, 1987, Examiner Hearing)  
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 Undesignated Gavilan-Mancos and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 5, Township 25 North, Range 2 West, forming a standard 320-acre oil spacing and proration unit in both 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 8963: (Continued from May 6, 1987, Examiner Hearing) (Reopened)  
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 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 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 9129: (Continued from May 6, 1987, Examiner Hearing)  
Application of Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg to void and vacate Division Order Nos. R-7588 and R-7588-A, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order vacating Division Order Nos. R-7588 and R-7588-A, which orders promulgated Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Pool, including a provision for 320-acre spacing and designated well locations.

CASE 8863: (Reopened)

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

Samantha Well No. 1 located 1580' FSL - 1202' FWL (Unit L),  
Samantha Well No. 2 located 1985' FSL - 2290' FWL (Unit K),  
Samantha Well No. 3 located 1105' FSL - 2490' FWL (Unit N),  
all in Section 26, Township 28 North, Range 1 East; and  
Alana Well No. 1 located 511' FSL - 2144' FWL (Unit N) of  
Section 11, Township 27 North, Range 1 West.

CASE 8864: (Reopened)

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

Suntex Well No. 1 located 1824' FNL - 570' FWL (Unit E) of Section 26,  
Suntex Well No. 2 located 660' FSL - 365' FEL (Unit P) of Section 22,  
Suntex Well No. 3 located 1858' FNL - 1800' FWL (Unit F) of Section 14,  
Suntex Well No. 4 located 935' FNL - 1650' FWL (Unit C) of Section 23,  
Suntex Well No. 5 located 2004' FSL - 2310' FWL (Unit K) of Section 11, and  
Suntex Well No. 6 located 1980' FSL - 660' FWL (Unit L) of Section 23,  
all in Township 28 North, Range 1 East.

CASE 9074: (Reopened)

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

Well No. 1 located 1824' FSL - 1778' FEL (Unit J) of Section 14,  
Well No. 2 located 618' FSL - 2418' FWL (Unit N) of Section 14,  
Well No. 3 located 967' FSL - 2148' FWL (Unit N) of Section 11,  
Well No. 7 located 990' FSL - 2310' FEL (Unit O) of Section 14, and  
Well No. 8 located 2310' FS and WL (Unit K) of Section 14,  
all on the El Poso Ranch Lease in Township 28 North, Range 1 East, as  
projected into the unsurveyed Tierra Amarilla Land Grant.

CASE 9145: Application of Marathon Oil Company for pool creation, special pool rules, and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Siluro-Devonian production comprising the S/2 SE/4 of Section 14, Township 16 South, Range 38 East, and the promulgation of temporary special rules therefor including a provision for 80-acre spacing units and designated well locations. Applicant further seeks the assignment of a discovery allowable as provided by Rule 509 of the General Rules.

CASE 9146: Application of Marathon Oil Company for the amendment of Division Order No. R-8282, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8282, as amended, which order compulsorily pooled all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East. Applicant now seeks an amendment to said order to include a provision pooling all mineral interests in the Siluro-Devonian formation underlying the S/2 SE/4 of said Section 14 to form an 80-acre spacing unit in the event of the approval of its pending pool creation request in Case No. 9145.

CASE 9132: (Continued from May 6, 1987, Examiner Hearing)

Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the N/2 of Section 17, Township 17 South, Range 35 East, forming a 320-acre proration unit for all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled 1980 feet from the North and West lines of said Section 17. Also to be considered will be the costs incurred in the drilling and completion of the 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.

CASE 9147: Application of Phillips Petroleum Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard oil proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 2, Township 19 South, Range 32 East, Undesignated East Lusk-Bone Spring Pool, to be dedicated to its State "1-2" Well No. 1 located at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 2.

CASE 9148: Application of Texaco Producing Inc. for a drilling permit in the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Forty-Niner Ridge Unit Well No. 3 to test the Delaware formation at a location 2310 feet from the North and East lines of Section 16, Township 23 South, Range 30 East, said location being within the boundaries of the Potash-Oil Area as defined by Division Order No. R-111-A, as amended, and having been objected to by the owners of potash leases in the area.

CASE 9149: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Chaves and Eddy Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production and designated as the Bear Grass Draw-Cisco Pool. The discovery well is the Phillips Petroleum Company Green B Well No. 12 located in Unit O of Section 18, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 18: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Cabin Lake-Delaware Pool. Further, assign approximately 28,125 barrels of discovery allowable to the discovery well, the Phillips Petroleum Company James A Well No. 2 located in Unit J of Section 2, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 2: SE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Kaiser Ranch-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Compromise AEJ Federal Com Well No. 1 located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 30: E/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Parkway-Delaware Pool. The discovery well is the Santa Fe Energy Operating Partners, L.P. Parkway 36 State Well No. 1 located in Unit F of Section 36, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 36: NW/4

(e) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 27: S/2 NE/4

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

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

(g) EXTEND the Grayburg Jackson-Queen-Grayburg-San Andres-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 1: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 24: E/2

- (i) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 23 EAST, NMPM  
Section 6: S/2

- (j) 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: SW/4