

Dockets Nos. 21-87 and 22-87 are tentatively set for July 1 and 15, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 17, 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 July, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9120: (Continued from May 20, 1987, Examiner Hearing)

In the matter called by the Oil Conservation Division on its own motion to permit Viking Petroleum, Inc. and all other interested parties to appear and show cause why the Viking Petroleum, Inc. Grynberg State Well No. 1 located 330 feet from the North and East lines (Unit A) of Section 12, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9142: (Continued from June 3, 1987, Examiner Hearing)

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 9150: Application of Maxus Energy Corporation for approval of an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 660 feet from the South line and 1650 feet from the West line (Unit O) of Section 34, Township 22 South, Range 34 East, to test the Wolfcamp, Strawn, Atoka, and Morrow formations, the W/2 of said Section 34 to be dedicated to the well.

CASE 9127: (Continued from May 6, 1987, Examiner Hearing)

Application of McKay Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 660 feet from the North line and 330 feet from the West line (Unit D) of Section 23, Township 6 South, Range 22 East, West Pecos Slope-Abo Pool, the NW/4 of said Section 23 to be dedicated to the well.

CASE 9151: Application of Bettis, Boyle & Stovall for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 9, Township 25 South, Range 29 East, to test the Wolfcamp, Strawn, Atoka, and Morrow formations, the W/2 of said Section 9 to be dedicated to the well.

CASE 9152: Application of Texaco Producing, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 860 feet from the South line and 660 feet from the East line (Unit P) of Section 1, Township 18 South, Range 34 East, McKee formation, the S/2 of said Section 1 to be dedicated to the well.

CASE 9147: (Continued from June 3, 1987, Examiner Hearing)

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 9153: Application of Estoril Producing Corporation 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 formation underlying the N/2 SE/4 of Irregular Section 1, Township 16 South, Range 36 East, Northeast Lovington-Pennsylvanian Pool, to form a standard 80-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at an unorthodox oil well location 2300 feet from the South line and 1100 feet from the East line (Unit I) of said Section 1. 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 9154: Application of Tenneco Oil Company 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 to be drilled 595 feet from the North line and 335 feet from the East line (Unit A) of Section 1, Township 31 North, Range 11 West, Blanco-Pictured Cliffs Pool, the NE/4 of said Section 1 to be dedicated to the well.

CASE 9155: Application of Tenneco Oil Company 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 to be drilled 470 feet from the South line and 1475 feet from the East line (Unit O) of Section 25, Township 32 North, Range 11 West, Blanco-Pictured Cliffs Pool, the SE/4 of said Section 25 to be dedicated to the well.

CASE 9156: Application of Tenneco Oil Company 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 to be drilled 510 feet from the North line and 770 feet from the East line (Unit A) of Section 26, Township 32 North, Range 11 West, Blanco-Pictured Cliffs Pool, the NE/4 of said Section 26 to be dedicated to the well.

CASE 9123: (Continued from May 20, 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 May 20, 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 17 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 9141: (Continued and Readvertised)

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 West 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 9157: 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 Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Airstrip-San Andres Pool. The discovery well is the Amoco Production Company State HQ Well No. 6 located in Unit K of Section 26, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 26: SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Baum-Abo Pool. The discovery well is the Coastal Oil and Gas Corporation Federal 20 Well No. 5 located in Unit K of Section 20, Township 13 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Lusk-Delaware Pool. The discovery well is the Federal AW Well No. 1 located in Unit E of Section 26, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

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

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the West Lusk-Delaware Pool. The discovery well is the Texaco Inc. New Mexico CR State Well No. 1 located in Unit D of Section 32, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

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

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the East Shoe Bar-Pennsylvanian Pool. The discovery well is the Mobil Producing Texas and New Mexico Inc. Lovington Deep Amoco State Well No. 1 located in Unit E of Section 6, Township 17 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 6: NW/4

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Tulk-Abo Pool. The discovery well is the Coastal Oil and Gas Corporation State 27 Well No. 3 located in Unit A of Section 27, Township 14 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
Section 27: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 10: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: SE/4

(i) EXTEND the Little Lucky Lake-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 30: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 10: SE/4

(k) EXTEND the Pitchfork Ranch-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 32: S/2
Section 33: NW/4

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 18, 1987OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICOCASE 9134: (Continued from May 21, 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 9068: (De Novo)

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 West Tres Papalotes-Pennsylvanian Pool in the perforated interval from approximately 10,401 feet to 10,410 feet in its New Mexico State Well No. 1 located 560 feet from the North and East lines (Unit A) of Section 31, Township 14 South, Range 34 East.

Upon application of John Etcheverry, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9086: (De Novo)

Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 3595 feet to 9500 feet underlying the NE/4 SW/4 and SE/4 NW/4 of Section 12, Township 18 South, Range 31 East, forming two standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost 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 that well.

Upon application of Chevron, USA, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9148: (Continued from June 3, 1987, Examiner Hearing)

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 9158: 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 line and 1980 feet from the West line of Section 16, Township 23 South, Range 30 East, (12 miles East of Loving, New Mexico) 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 9073: (De Novo) (Continued from May 21, 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 casing-head 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 May 21, 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 May 21, 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.

Dockets Nos. 22-87 and 23-87 are tentatively set for July 15 and 29, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 1, 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 9159: Application of Yates Petroleum Corporation for approval of a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Desert Rose State and Federal Unit comprising 2560.52 acres, more or less, of State and Federal lands in Townships 8 and 9 South, Range 26 East (19 miles northeast of Roswell, New Mexico).

CASE 8863: (Continued from June 3, 1987, Examiner Hearing) (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 recomplete 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: (Continued from June 3, 1987, Examiner Hearing) (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 recomplete the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8223:

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

CASE 9074: (Continued from June 3, 1987, Examiner Hearing) (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 recomplete the following wells formerly operated by Texas Rose Petroleum, Inc. which were ordered plugged pursuant to the provisions of said Order No. R-8404:

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

CASE 9160: Application of Santa Fe Energy Operating Partners, L.P. 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 the W/2 of Section 34, Township 23 South, Range 31 East (which is approximately 19½ miles east of Loving, New Mexico), forming a standard 320-acre gas 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 9161: Application of Crown Central Petroleum 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 Abo formation, underlying either the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the SE/4 of said Section 25 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-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. Said area is approximately 1 3/4 miles east of the community of Nadine, New Mexico.

CASE 9107: (Continued from June 3, 1987, Examiner Hearing) THIS CASE WILL BE DISMISSED.

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 June 3, 1987, Examiner Hearing) (Reopened) THIS CASE WILL BE DISMISSED.

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 9151: (Continued from June 17, 1987, Examiner Hearing)

Application of Bettis, Boyle & Stovall for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 9, Township 25 South, Range 29 East, to test the Wolfcamp, Strawn, Atoka, and Morrow formations, the W/2 of said Section 9 to be dedicated to the well.

CASE 9162: Application of Amerind Oil Company for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn or Atoka formation underlying the SW/4 SE/4 and SE/4 SW/4 of Section 28, Township 16 South, Range 37 East, forming a non-standard 80-acre oil spacing and proration unit for either the West Casey-Strawn, Casey-Strawn, or Northeast Lovington-Pennsylvanian Oil Pools. 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 area is located approximately 6.5 miles east-southeast of Lovington, New Mexico.

CASE 9163: Application of ARCO Oil and Gas 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 Wolfcamp production comprising the W/2 NW/4 of Section 9, Township 16 South, Range 32 East, and the promulgation of special rules therefor including a provision for 80-acre spacing and designated well locations. Applicant further seeks the assignment of an oil discovery allowable, as provided by Rule 509 of the Division's General Rules, to the discovery well for said pool being its West Anderson Ranch State Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 9 (approximately 6 miles north of Maljamar, New Mexico).

CASE 9164: Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Eumont-Queen gas production and Eunice Monument-Grayburg-San Andres oil production in the wellbore of its New Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 20 South, Range 36 East, being approximately 4 1/2 miles northwest of Oil Center, New Mexico.

CASE 9165: Application of Terra Resources, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 1, Township 22 South, Range 27 East, Undesignated East Carlsbad-Wolfcamp Gas Pool, to be dedicated to a well to be drilled at an unorthodox gas well location 1330 feet from the South line and 660 feet from the West line (Unit L) of said Section 1, said well being approximately 5 miles east of Carlsbad, New Mexico.

CASE 9154: (Continued and Readvertised)

Application of Tenneco Oil Company 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 to be drilled 595 feet from the North line and 335 feet from the East line (Unit A) of Section 1, Township 31 North, Range 11 West, Blanco-Pictured Cliffs Pool, the NE/4 of said Section 1 to be dedicated to the well.

- CASE 9166: Application of Marathon Oil 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 Pennsylvanian formation in the perforated interval from approximately 9,960 feet to 10,250 feet in its J. M. Denton Well No. 5 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11, Township 15 South, Range 37 East, which is approximately 11½ miles east-northeast of Lovington, New Mexico.
- CASE 9167: Application of Marathon Oil Company for lease commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Devonian oil production from its Benson Well No. 1 located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14 and its V. E. Roddy Well No. 1 located 750 feet from the North and East lines (Unit A) of Section 23, both in Township 16 South, Range 38 East (both wells being approximately 2½ miles south of the old Hobbs Army Air Corps Auxiliary Airfield No. 1 on State Highway No. 132), in a common tank battery located on the Benson Lease in the SE/4 SE/4 of said Section 14.
- CASE 9168: 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 interest 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 2½ 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. 24-87 and 25-87 are tentatively set for July 29 and August 12, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 15, 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 August, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9169: In the matter called by the Oil Conservation Division on its own motion to permit C. R. (Carl) Robinson, John Iley, Eastern Indemnity Company of Maryland, and all other interested parties to appear and show cause why the O. F. Baca Well No. 1 located 660 feet from the North line and 1920 feet from the West line (Unit C) of Section 3, Township 5 North, Range 4 East, Valencia County, New Mexico, as projected into the Tome Land Claim, should not be plugged and abandoned in accordance with a Division-approved plugging program, said well being located approximately 15 miles east of Belen, New Mexico.

CASE 9159: (Continued from July 1, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for approval of a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Desert Rose State and Federal Unit comprising 2560.52 acres, more or less, of State and Federal lands in Townships 8 and 9 South, Range 26 East (19 miles northeast of Roswell, New Mexico).

CASE 9170: Application of CRW-SWD, 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 Delaware formation in the perforated interval from approximately 4,420 feet to 4,640 feet in the J. C. Williamson Ross Draw Unit Well No. 9 located 910 feet from the North line and 1980 feet from the West line (Unit C) of Irregular Section 34, Township 26 South, Range 30 East, Ross Draw-Delaware Pool/Ross Draw-Delaware Gas Pool, which is approximately two-fifths of a mile northwest of Mile Corner No. 47 on the southern boundary line of Texas (Loving County) and New Mexico.

CASE 9171: Application of MorOilCo, 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 Yates, Seven Rivers, and Queen formations in the perforated interval from approximately 3951 feet to 3995 feet and in the open hole interval from approximately 4064 feet to 5000 feet in the Atlantic Richfield Company's Mescalero Ridge Unit "MA" Well No. 31 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 19 South, Range 34 East, Undesignated Pearl-Queen Pool and Quail Ridge-Yates Gas Pool, which is approximately 2.5 miles north of N. M. Milepost No. 77 on U. S. Highway 62/180.

CASE 9129: (Continued from June 3, 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 9172: Application of Nearburg Producing 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 to be drilled 1200 feet from the South line and 660 feet from the East line (Unit P) of Section 12, Township 17 South, Range 37 East, Humble City-Strawn Pool, the S/2 SE/4 of Section 12 to be dedicated to the well. Said well is approximately 4 miles west of the community of Knowles, New Mexico.

CASE 9173: Application of Presidio Oil 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 a depth of approximately 5600 feet or to the base of the Canyon formation underlying the SW/4 NW/4 (Unit E) of Section 12, Township 26 South, Range 29 East, to form 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 3 miles north of Mile Corner No. 53 on the southern boundary of Texas and New Mexico.

CASE 9174: Application of Santa Fe Energy Operating Partners, L.P. for simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to simultaneously dedicate East Carlsbad-Wolfcamp Gas Pool production to the W/2 of Section 2, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for said pool, from its existing Chase "2" State Well No. 1 located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 2, and from a second well to be drilled at a standard location in the NW/4 of said Section 2. This area is approximately 4 miles east of Carlsbad, New Mexico.

CASE 9175: Application of Santa Fe Energy Operating Partners, L.P. for special pool rules and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Hume-Wolfcamp Pool located in Section 5, Township 16 South, Range 34 East, including a provision for 80-acre spacing and proration units and designated well locations. Applicant also seeks approval for its N. H. 5 Federal Well No. 1 located at an unorthodox oil well location for the proposed special pool rules 2466 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5 (being approximately 2.25 miles north of N. M. Milepost No. 158 on U. S. Highway 82).

CASE 8352: (Reopened) (Continued from June 3, 1987, Examiner Hearing) (This case will be continued to August 26, 1987.)

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 9147: (Continued from June 17, 1987, Examiner Hearing)

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 9164: (Continued from July 1, 1987, Examiner Hearing)

Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Eumont-Queen gas production and Eunice Monument-Grayburg-San Andres oil production in the wellbore of its New Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 20 South, Range 36 East, being approximately 4½ miles northwest of Oil Center, New Mexico.

CASE 9176: Application of Phillips Petroleum Company for a special (oil) allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a special capacity allowable for Vacuum Grayburg-San Andres Pool production from its Philmex Well No. 19 located 1980 feet from the North line and 560 feet from the East line (Unit H) of Section 35. Applicant further seeks approval of a similar special capacity allowable for Vacuum Grayburg-San Andres Pool production from wells to be drilled in the following 40-acre oil proration units:

NW/4 NE/4 (Unit B) of Section 35;
SW/4 NE/4 (Unit G) of Section 35; and,
NW/4 NW/4 (Unit D) of Section 36.

All of the above-described locations are in Township 17 South, Range 33 East, and are approximately 7 miles west of Buckeye, New Mexico.

CASE 9177: Application of Phillips Petroleum Company for a special (oil) allowable and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks (1) a special capacity allowable for Eunice Monument (Grayburg-San Andres) Pool production from; and (2) approval to downhole commingle Eumont Gas Pool and Eunice Monument Pool production in the following described New Lease Wells in Section 26, Township 20 South, Range 36 East:

Well No. 1 located 660 feet from the North line and 330 feet from the East line (Unit A); and,
Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H).

Both wells are approximately 4½ miles northwest of Oil Center, New Mexico.

CASE 9178: Application of Phillips Petroleum Company for special depth bracket allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a special depth bracket allowable of 300 barrels of oil per day, pursuant to Division General Rule 505 (d), to be established for the Cabin Lake-Delaware Pool located in Section 2, Township 22 South, Range 30 East (being approximately 5 miles east of the International Minerals & Chemical Corporation Carlsbad Potash Mine and Mill).

CASE 9123: (Continued from June 17, 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 June 17, 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 17 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 9165: (Continued from July 1, 1987, Examiner Hearing)

Application of Terra Resources, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 1, Township 22 South, Range 27 East, Undesignated East Carlsbad-Wolfcamp Gas Pool, to be dedicated to a well to be drilled at an unorthodox gas well location 1330 feet from the South line and 660 feet from the West line (Unit L) of said Section 1, said well being approximately 5 miles east of Carlsbad, New Mexico.

CASE 9154: (Continued from July 1, 1987, Examiner Hearing)

Application of Tenneco Oil Company 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 to be drilled 595 feet from the North line and 335 feet from the East line (Unit A) of Section 1, Township 31 North, Range 11 West, Blanco-Pictured Cliffs Pool, the NE/4 of said Section 1 to be dedicated to the well.

Docket No. 23-87

DOCKET: COMMISSION HEARING - THURSDAY - JULY 16, 1987

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

CASE 9134: (Continued from June 18, 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 9143: (Continued from June 3, 1987, Examiner Hearing)

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 9068: (De Novo) (Continued from June 18, 1987, Commission Hearing)

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 West Tres Papalotes-Pennsylvanian Pool in the perforated interval from approximately 10,401 feet to 10,410 feet in its New Mexico State Well No. 1 located 560 feet from the North and East lines (Unit A) of Section 31, Township 14 South, Range 34 East.

Upon application of John Etcheverry, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9073: (De Novo) (Continued from June 18, 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 June 18, 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 June 18, 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.