

Dockets Nos. 28-87 and 29-87 are tentatively set for September 23 and October 7, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 9, 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 October, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for October, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9169: (Continued from August 12, 1987, Examiner Hearing)

In the matter of the hearing 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 9179: (Continued from August 12, 1987, Examiner Hearing)

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

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);
Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);
Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L);
and Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

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

CASE 9206: Application of Tipperary Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an exploratory unit area comprising 160 acres of State lands underlying the SW/4 of Section 29, Township 16 South, Range 37 East, said acreage being approximately 5.5 miles southeast of Lovington, New Mexico.

CASE 8863: (Continued from August 12, 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 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: (Continued from August 12, 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 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,

designated as the Oasis-Abo Gas Pool. The discovery well is the Tom Brown, Inc. Middlebrook "3" Well No. 1 located in Unit K of Section 3, Township 10 South, Range 30 East, NMM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 30 EAST, NMM
Section 3: SW/4

- (b) EXTEND the North Hume-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15, SOUTH, RANGE 33 EAST, NMM
Section 36: SW/4

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

TOWNSHIP 25, SOUTH, RANGE 34 EAST, NMM
Section 3: NE/4

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

TOWNSHIP 24, SOUTH, RANGE 34 EAST, NMM
Section 27: W/2
Section 28: N/2

TOWNSHIP 25, SOUTH, RANGE 34 EAST, NMM
Section 4: S/2
Section 9: N/2

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

TOWNSHIP 18, SOUTH, RANGE 35 EAST, NMM
Section 11: SE/4
Section 14: NE/4

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

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

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

TOWNSHIP 16, SOUTH, RANGE 37 EAST, NMM
Section 33: SE/4

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

TOWNSHIP 18, SOUTH, RANGE 32 EAST, NMM
Section 11: NE/4

percent penalty to be assessed as a charge for the risk involved in the drilling of said well, \$5,000.00 per month while drilling and \$500.00 per month while producing to be fixed as reasonable charges, and that the applicant be named operator of said well and unit. Said location is approximately 6.5 miles east-southeast of Lovington, New Mexico. IF THERE ARE NO OBJECTIONS THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 9209: Application of Amerind Oil 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 W/2 SW/4 of Section 27, Township 16 South, Range 37 East, Undesignated Casey-Strawn, Undesignated West Casey-Strawn, and Undesignated Northeast Lovington-Pennsylvanian Pools, forming a standard 80-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 7 miles southeast of Lovington, New Mexico.

CASE 9210: Application of Pelto Oil Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of establishing a secondary recovery project, all mineral interests in the Twin Lakes-San Andres Associated Pool underlying 4863.82 acres, more or less, of State and Fee lands in either all or portions of the following described lands: Sections 25, 26, 35, and 36, Township 8 South, Range 28 East; Sections 30, 31, and 32, Township 8 South, Range 29 East; Sections 1, 2, and 12, Township 9 South, Range 28 East; and Sections 5, 6, 7, 8, and 18, Township 9 South, Range 29 East. The center of said area is approximately 9 miles south of Elkins, New Mexico. Said unit is to be designated the Twin Lakes-San Andres Unit Area. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 9211: Application of Pelto Oil Company for a water flood project, Chaves 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 in its proposed Twin Lakes-San Andres Unit Area (Division Case No. 9210) underlying portions of Township 8 and 9 South, Ranges 28 and 29 East, Twin Lakes-San Andres Associated Pool. Said area is centered approximately 9 miles south of Elkins, New Mexico.

CASE 9168: (Continued from August 12, 1987, Examiner Hearing)

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

CASE 8668: (Reopened) (This case will be continued to October 7, 1987.)

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

CASE 8769: (Reopened) (This case will be continued to October 7, 1987.)

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

CASE 9212: In the matter of the hearing called by the Oil Conservation Division called 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 Chaves County, New Mexico, classified as a gas pool for Abo production and

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 August 12, 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 9207: Application of Western Oil Producers, Inc. for an Unorthodox Gas Well Location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 1, Township 22 South, Range 27 East, Undesignated East Carlsbad-Wolfcamp Gas Pool, the S/2 of said Section 1 to be dedicated to the well. Said location is approximately 5 miles east of Carlsbad, New Mexico.

CASE 9189: (Readvertised)

Application of Ray Westall for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cherry Canyon formation in the perforated interval from approximately 3670 feet to 3720 feet in its Merland Well No. 1 located 990 feet from the South line and 1870 feet from the East line (Unit O) of Section 24, Township 22 South, Range 26 East, South Carlsbad-Delaware Pool. Said well is approximately 400 yards northeast of the intersection of Hidalgo Road and Mescalero Road in Carlsbad, New Mexico.

CASE 9208: Application of Hixon Development Company for a gas storage well, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to utilize its Carson Unit Well No. 24-18 located 660 feet from the South line and 1930 feet from the West line (Unit N) of Section 18, Township 25 North, Range 11 West (which is approximately 5 miles south-southwest of the Carson Trading Post), as a gas storage well.

CASE 9123: (Continued from August 12, 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 August 12, 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 9191: (Readvertised) (This case will be dismissed.)

Application of Amerind Oil Company 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 in the Strawn and Atoka formations underlying the S/2 SE/4 of Section 28, Township 16 South, Range 37 East, Undesignated Casey-Strawn, Undesignated West Casey-Strawn, and Undesignated Northeast Lovington-Pennsylvanian Pools, forming a standard 80-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks a 200