

Dockets Nos. 8-88 and 9-88 are tentatively set for March 16 and March 30, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 2, 1988

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

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

CASE 9317: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sunny Side Unit Area comprising 11,189.87 acres, more or less, of State and Fee lands in Township 10 South, Ranges 26 and 27 East. Said area is located approximately 8 miles north-northeast of Bottomless Lake State Park.

CASE 9318: Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: Application of Yates Drilling Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 9320: Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 16, Township 24 South, Range 35 East, Undesignated Cinta Roja-Morrow Gas Pool, all of said Section 16 to be dedicated to the well, forming a standard 640-acre gas spacing and proration unit for said pool. Said location is approximately 6 miles south-southeast of the San Simon Sink.

CASE 9308: (Continued from February 17, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the S/2 of said Section 23 to be dedicated to the well. Said location is approximately 4.5 miles east-northeast from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9309: (Continued from February 17, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the North line and 1980 feet from the East line of Section 34, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the N/2 of said Section 34 to be dedicated to the well. Said location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9321: Application of Marshall Pipe and Supply Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the N/2 of Section 34, Township 2 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Said well is to be drilled at a proposed unorthodox gas well location (to be considered in Case 9309) 330 feet from the North line and 1980 feet from the East line (Unit B) of said Section 34. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for

supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9322: Application of Metex Pipe and Supply for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its State "P" Well No. 3 to be drilled 100 feet from the North line and 1520 feet from the East line (Unit B) of Section 24, Township 21 South, Range 34 East, Wilson Yates-Seven Rivers Pool, the NW/4 NE/4 of said Section 24 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. Said location is approximately 1 mile south of NM 176 at Milepost 27.4.

CASE 9323: Application of Ralph E. Williamson for a non-standard oil proration unit and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 56.19-acre non-standard oil spacing and proration unit comprising Lots 8 and 9 of Section 35, Township 26 South, Range 29 East, Brushy Draw-Delaware Pool, to be simultaneously dedicated to its Stateline Federal Well No. 1 located in Lot 8 and to its Stateline Federal Well No. 2 to be located at a previously approved unorthodox location 610 feet from the South line and 990 feet from the West line in Lot 9 of said Section 35. Said unit is located approximately 1 mile east of where the Pecos River crosses the New Mexico/Texas Stateline.

CASE 9324: Application of Amoco Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos Oil Pool underlying Lots 3 and 4, S/2 NW/4, and SW/4 of Section 5 and all of Section 6, both in Township 25 North, Range 2 West, which is a non-standard oil spacing and proration unit for said pool previously approved by Division Order No. R-8268. Said unit is to be dedicated to its Hill Trust Federal Com. Well No. 1 to be drilled at a standard location 1660 feet from the North line and 1680 feet from the West line (Unit F) of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 3/4 of a mile west of the Ojito Post Office.

CASE 9314: (Readvertised)

Application of Nearburg Producing Company to Amend Division Order No. R-6933, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to re-enter and deepen to the Morrow formation the Santa Fe Exploration Company Gulf Com. Well No. 1 located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 14, Township 20 South, Range 25 East, previously approved by Division Order No. R-6933, as amended. Applicant also seeks to rescind the production limitation factor provisions of said Order. This well is located approximately 5.5 miles west by south of Seven Rivers, New Mexico.

CASE 9325: Application of Enron Oil & Gas Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the special pool rules promulgated by Division Order No. R-3161 for the Cinta Roja-Morrow Gas Pool in Township 24 South, Range 35 East, to include a provision for 320-acre infill drilling and appropriate findings relative thereto. Said pool is located approximately 6 miles south-southeast of the San Simon Sink.

CASE 9310: (Continued from February 17, 1988, Examiner Hearing)

Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the N/2 of Section 26, Township 18 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools with this vertical extent being developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 6 miles west of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

CASE 9303: (Readvertised)

Application of Penroc Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Undesignated Mid Vacuum-Devonian Pool in the perforated interval from 11,850 feet to 12,200 feet in its State "AF" Well No. 2 located 330 feet from the South line and 2130 feet from the East line (Unit O) of Section 8, Township 18 South, Range 35 East. Said well is located approximately 4 miles south-southeast of Buckeye, New Mexico.

Dockets Nos. 10-88 and 11-88 are tentatively set for March 30 and April 13, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 16, 1988

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

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

ALLOWABLE: 1. Consideration of the allowable production of gas for April, 1988, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

2. Consideration of the allowable production of gas for April, 1988, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9328: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Division Order No. R-3221, which prohibits disposal of water produced in conjunction with the production of oil or gas on the surface of the ground, or in any other place or manner which will constitute a hazard to fresh water supplies in the area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, to adopt standardized procedures for hearing such applications.

CASE 9322: (Continued from March 2, 1988, Examiner Hearing)

Application of Metex Pipe and Supply for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its State "P" Well No. 3 to be drilled 100 feet from the North line and 1520 feet from the East line (Unit B) of Section 24, Township 21 South, Range 34 East, Wilson Yates-Seven Rivers Pool, the NW/4 NE/4 of said Section 24 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. Said location is approximately 1 mile south of NM 176 at Milepost 27.4

CASE 9308: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the S/2 of said Section 23 to be dedicated to the well. Said location is approximately 4.5 miles east-northeast from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9309: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the North line and 1980 feet from the East line of Section 34, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the N/2 of said Section 34 to be dedicated to the well. Said location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9321: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the N/2 of Section 34, Township 2 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Said well is to be drilled at a proposed unorthodox gas well location (to be considered in Case 9309) 330 feet from the North line and 1980 feet from the East line (Unit B) of said Section 34. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9329: Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 26, Township 9 South, Range 26 East, to test all formations and/or pools developed on 320-acre spacing from the base of the Abo formation to the base of the Montoya formation, the N/2 of said Section 26 to be dedicated to said well. Said location is approximately 7.75 miles Southeast by East of the Pecos River Bridge on U.S. Highway 70.

Examiner Hearing - Wednesday - March 16, 1988

CASE 9330: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 13, Township 20 South, Range 29 East, to test the Undesignated East Burton Flat-Strawn Gas Pool, the Undesignated Getty-Morrow Gas Pool, and the Cisco, Canyon, and Atoka formations, the W/2 of said Section 13 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said zones. Said location is approximately 3.5 miles North-Northwest of the junction of U.S. Highway 62/180 and State Highway 31.

CASE 9318: (Continued from March 2, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 2, 1988, Examiner Hearing)

Application of Yates Drilling Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 9295: (Continued from February 17, 1988, Examiner Hearing)

Application of Hixon Development Company for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Cavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, as amended, to form a non-standard 320-acre oil spacing and proration unit comprising the E/2 of Section 26, Township 26 North, Range 2 West, to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9310: (Readvertised)

Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the following described acreage in Section 26, Township 18 South, Range 33 East, in the following described manner:

The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

The S/2 NW/4 to form a standard 80-acre oil spacing and proration unit in the Undesignated EK-Bone Spring Pool; and

The SE/4 NW/4 to form a statewide standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above-described units are to be dedicated to a well to be drilled at a standard location in the SE/4 NW/4 (Unit F) of said Section 26.

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 of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

Dockets Nos. 11-88 and 12-88 are tentatively set for April 13 and April 27, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 30, 1988

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

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

CASE 9351: Application of TXO Production Corporation for an amendment to Division Order No. R-8570, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8570, dated December 22, 1987, which order authorized the applicant to pool all mineral interests in the Shipp-Strawn Pool underlying Lot 1 and the SE/4 NE/4 of Section 4, Township 17 South, Range 37 East, thereby forming a standard 80.95-acre oil spacing and proration unit to be dedicated to the existing Mesa Petroleum Company Hightower Well No. 1 to be re-entered, directionally drilled, and deepened to a standard subsurface location in said unit, by including a provision in the Order to allow the drilling of a new well at a standard location in said unit if re-entry into the Hightower Well No. 1 is found to be impractical. Said acreage is located approximately 8 miles southeast of Lovington, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVERTISEMENT.

CASE 9318: (Continued from March 16, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 16, 1988, Examiner Hearing)

Application of Yates Drilling Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 9295: (Continued from March 16, 1988, Examiner Hearing)

Application of Hixon Development Company for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, as amended, to form a non-standard 320-acre oil spacing and proration unit comprising the E/2 of Section 26, Township 26 North, Range 2 West, to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9306: (Reopened)

Application of New Mexico and Arizona Land Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Lindrith Gallup-Dakota Oil Pool underlying the SW/4 of Section 25, Township 25 North, Range 3 West, forming a standard 160-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 5 miles northwest of Lindrith, New Mexico.

CASE 9335: Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the N/2 of Section 33, Township 19 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. The southeast corner of said unit is located on U.S. Highway 62/180 at N.M. Milepost No. 79.

CASE 9326: (Continued from March 16, 1988, Examiner Hearing)

Application of Sun Exploration and Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 26, Township 26 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 Wildfire Well No. 1 located 900 feet from the South line and 1650 feet from the West line (Unit N) of said Section 26 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the method for cost allocation and participation 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 the case be retroactive to June 8, 1987. Said well is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9336: Application of Barbara Fasken for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Morrow formation or to a depth of 13,950 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 of Section 31, Township 19 South, Range 34 East, forming a non-standard 324.16-acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent being developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately one mile North of N.M. Milepost 76 of U.S. Highway 62/180.

CASE 8949: (Reopened)

In the matter of Case 8949 being reopened pursuant to the provisions of Division Order No. R-8279, which order, in part, promulgated temporary special rules and regulations for the South Shoe Bar-Devonian Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the South Shoe Bar-Devonian Pool should not be developed on 40-acre spacing units. Said pool is located approximately 6 miles Southwest by South of Lovington, New Mexico.

CASE 9337: Application of Mobil Producing Texas & New Mexico, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the South Vacuum-Devonian Pool in the open hole interval from approximately 11,950 feet to 13,708 feet in its State Section "27" Well No. 2 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 27, Township 18 South, Range 35 East. Said well is approximately 2 miles south-southeast of junction of New Mexico State Highways Nos. 8 and 529.

CASE 9338: Application of ARCO Oil and Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Basin-Dakota Pool with oil production from the Undesignated Kutz-Gallup Oil Pool in the wellbore of its Schlosser "WN" Federal Well No. 2R, located 1835 feet from the South line and 1720 feet from the West line (Unit K) of Section 3, Township 27 North, Range 11 West. Said well is located approximately 7.5 miles south of Bloomfield, New Mexico.

CASE 9339: Application of ARCO Oil and Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Basin-Dakota Pool with oil production from the Kutz-Gallup Oil Pool in the wellbore of its Schlosser "WN" Federal Well No. 1R, located 1850 feet from the North line and 790 feet from the West line (Unit E) of Section 10, Township 27 North, Range 11 West. Said well is located approximately 8.5 miles south of Bloomfield, New Mexico.

Dockets Nos. 13-88 and 14-88 are tentatively set for April 27 and May 11, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 13, 1988

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

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

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

CASE 9318: (Continued from March 30, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 30, 1988, Examiner Hearing)

Application of Yates Drilling Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 9352: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the North line and 330 feet from the West line (Unit E) of Section 11, Township 20 South, Range 25 East, Undesignated Cemetery-Morrow Gas Pool, the W/2 of said Section 11 to be dedicated to the well. Said location is approximately 2.4 miles west by south of Seven Rivers, New Mexico.

CASE 9350: (Continued from March 30, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9117: (Reopened)

In the matter of Case 9117 being reopened pursuant to the provisions of Division Order No. R-8443, which order promulgated temporary special rules and regulations for the Bell Lake-Cherry Canyon Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the Bell Lake-Cherry Canyon Pool should not be developed on 40-acre spacing units. The center of said pool is located on the Delaware Basin Road approximately 3.25 miles north of New Mexico Highway 128.

CASE 9335: (Continued from March 30, 1988, Examiner Hearing)

Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the N/2 of Section 33, Township 19 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. The southeast corner of said unit is located on U.S. Highway 62/180 at N.M. Milepost No. 79.

CASE 9353: Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9354: Application of Santa Fe Energy Operating Partners, L.P. for the expansion of the North Hume-Wolfcamp Pool and the amendment of Division Order No. R-8476, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8476, which promulgated 80-acre spacing in the North Hume-Wolfcamp Pool comprising portions of Townships 15 and 16 South, Ranges 33 and 34 East, to provide for 160-acre spacing and proration units. Applicant further seeks the extension of said North Hume-Wolfcamp Pool to include the SE/4 of Section 35, Township 15 South, Range 33 East, and the SE/4 and Lots 9, 10, 15, and 16 of Section 5, Township 16 South, Range 34 East. This area is located approximately 3 miles northwest of the junction of U.S. Highway 82 and New Mexico Highway 457.

CASE 9272: (Continued from March 30, 1988, Examiner Hearing)

In the matter of Case No. 9272 being reopened upon application of ARCO Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered 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 west-southwest of Hillburn City, New Mexico.

CASE 9331: (Readvertised)

Application of Phillips Petroleum Company for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 22, Township 17 South, Range 35 East, to test the South Shoe Bar-Atoka Gas Pool and the Morrow formation, said well to be dedicated either to a 160-acre non-standard gas proration and spacing unit consisting of the N/2 SW/4 and W/2 NW/4 of said Section 22, or in the alternative, to an 80-acre non-standard gas proration and spacing unit consisting of the W/2 NW/4 of said Section 22. Said location is approximately 3.5 miles northeast by east of Buckeye, New Mexico.

Dockets Nos. 14-88 and 15-88 are tentatively set for May 11 and May 25, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 27, 1988

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

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

CASE 9356: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amending the "Special Rules For Applications For Wellhead Price Ceiling Category Determinations," pursuant to the Natural Gas Policy Act of 1978 (NGPA), as promulgated by Division Order No. R-5878-B, as amended, by revising Forms C-132 and C-132-A to reflect the Department name change.

CASE 9357: Application of El Ran, Inc. for a unit agreement, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Chaveroo San Andres Unit Area comprising 1,120 acres, more or less, of Federal and Fee lands underlying all or portions of Sections 34 and 35, Township 7 South, Range 32 East, and Sections 3 and 10, Township 8 South, Range 32 East. This area is located on the Chaves and Roosevelt County line and 20 miles south of Elida, New Mexico.

CASE 9358: Application of El Ran, Inc. for the reclassification of a pressure maintenance project to a waterflood project and for waterflood expansion, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks to reclassify the El Ran Chaveroo Pressure Maintenance Project (Division Order No. R-7044) to a waterflood project and to expand said project to include the area underlying the proposed Chaveroo San Andres Unit Area comprising all or portions of Sections 34 and 35, Township 7 South, Range 32 East, and Sections 3 and 10, Township 8 South, Range 32 East. Applicant also seeks to expand said project by including 13 additional injection wells into the San Andres formation. Said area is located on the Chaves and Roosevelt County line and 20 miles south of Elida, New Mexico.

CASE 9318: (Continued from April 13, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from April 13, 1988, Examiner Hearing)

Application of Yates Drilling Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 9359: Application of Dugan Production Corporation for a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool as promulgated by Division Order No. R-7471, as amended, to form a 160-acre non-standard oil spacing and proration unit for said pool comprising the NW/4 of Section 25, Township 21 North, Range 4 West, to be dedicated to the existing Husky Federal Well No. 2 located at a standard location 990 feet from the North and West lines (Unit D) of said Section 25. Said well is located approximately 3.25 miles south of Milepost 75 on New Mexico Highway No. 44.

CASE 9360: Application of Pennzoil 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 Morrow formation underlying the E/2 of Section 33, Township 19 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located on U.S. Highway 62/180 at N.M. Milepost No. 79.

CASE 9361: Application of Primary Fuels, 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 San Andres formation underlying the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, forming a standard statewide 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 unit is approximately 2.25 miles east of the intersection of Marland Blvd. and Dal Paso St. in Hobbs, New Mexico.

CASE 9325: (Continued from March 30, 1988, Examiner Hearing)

Application of Enron Oil & Gas Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the special pool rules promulgated by Division Order No. R-3161 for the Cinta Roja Morrow Gas Pool in Township 24 South, Range 35 East, to include a provision for 320-acre infill drilling and appropriate findings relative thereto. Said pool is located approximately 6 miles south-southeast of the San Simon Sink.

CASE 9350: (Continued from April 13, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9362: Application of Meridian Oil Inc. for the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool and the concomitant contraction of the Mount Nebo-Fruitland Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool to include any and all coal zones of the Fruitland formation, from approximately 2,579 feet to 2,878 feet, in Sections 3 through 6, Township 31 North, Range 10 West, and Sections 19 through 22 and 27 through 34, Township 32 North, Range 10 West. Applicant also seeks the concomitant contraction of said zones from the Mount Nebo-Fruitland Pool. Said area consists of 16 square miles in the form of a square centered approximately 5.5 miles east by north of Cedar Hill, New Mexico.

CASE 9363: Application of Anadarko Petroleum Corporation for the amendment of the special rules and regulations for the Foster-San Andres Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the amendment of the Special Rules and Regulations of the Foster-San Andres Pool as promulgated by Division Order No. R-8113, as amended, to increase the gas-oil ratio limitation to 20,000 cubic feet of gas to one barrel of oil, retroactive to March 1, 1988. Said pool is in an area located approximately 3 miles east of the intersection of Marland Blvd. and Dal Paso St. in Hobbs, New Mexico.

CASE 9364: Application of Anadarko Petroleum Corporation for the amendment of Division Order No. R-7773, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7773 to increase the surface injection limitation pressure for ten certain injection wells in its Ballard GSA Unit Waterflood Project to 450 psi above the formation parting pressure as determined from step-rate tests for said ten injection wells in the Grayburg formation of the Loco Hills Pool within the project area consisting of a portion of Sections 4, 6, 7, 17, and all of Sections 5 and 8, Township 18 South, Range 29 East. Said project area is located approximately 8 miles west-southwest of Loco Hills, New Mexico.

CASE 9365: Application of Hanley Petroleum Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 990 feet from the South line and 330 feet from the West line (Unit M) of Section 10, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, the W/2 SW/4 of said Section 10 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for either pool. Said location is approximately 3.8 miles Northwest by North of Humble City, New Mexico.

CASE 9366: Application of Exxon Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 990 feet from the South line and 330 feet from the East line (Unit P) of Section 9, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, the E/2 SE/4 of said Section 9 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 3.8 miles Northwest by North of Humble City, New Mexico.