

Dockets Nos. 32-88 and 33-88 are tentatively set for October 26 and November 9, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 12, 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 November, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for November, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9495: Application of Robert L. Bayless for 9 non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing 9 non-standard gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing, which includes but is not necessarily limited to the East Blanco-Pictured Cliffs Pools, Cabrestro-Gallup Pool, and Campo-Gallup Pool, in Sections 6, 7, 18, 19, 30, and 31, Township 30 North, Range 3 West, and Sections 6 and 7, Township 29 North, Range 3 West. Said area of interest extends along the boundary of the Jicarillo Apache Indian Reservation and the Carson National Forest, north for six miles and south for two miles off of State Highway No. 17.

CASE 9496: Application of BCO, Inc. for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its State "J" Well No. 1 located 540 feet from the North line and 820 feet from the East line (Unit A) of Section 16, Township 23 North, Range 7 West, Undesignated Lybrook-Gallup Oil Pool (Finding Paragraph No. 6 of Division Order No. R-2267-B). Said well is located in Lybrook, New Mexico.

CASE 9480: (Continued from September 28, 1988, Examiner Hearing.)

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 Wolfcamp formation underlying the W/2 of Section 11, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which only includes the Undesignated East Carlsbad-Wolfcamp Gas Pool at this time). Said unit is 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 3/4 mile east of the Carlsbad Municipal Sewage Disposal Plant.

CASE 9497: Application of Corinne B. Grace for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bell Canyon and Upper Cherry Canyon formations of the East Ross Draw-Delaware Pool in the perforated interval from approximately 3886 feet to 4990 feet in its Zac Federal Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 25, Township 26 South, Range 30 East. Said well is located approximately 1/2 mile north-northwest of Monument No. 45 on the Texas/New Mexico stateline.

CASE 9498: Application of Meridian Oil, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SW/4 of Section 23, Township 32 North, Range 6 West, forming a standard 160-acre gas spacing and proration unit in the Fruitland formation. The applicant proposes to drill its San Juan 32-5 Unit Well No. H-100 at a standard surface location 1765 feet from the South line and 1485 feet from the West line (Unit K) of said Section 23. From a true vertical depth of approximately 2285 feet, the applicant proposes to drill horizontally in a southerly direction, for an approximate lateral distance of 1100 feet within said formation. The terminus of the bottomhole location is to be approximately 165 feet from the South line and 1485 feet from the West line of said Section 23. Special Rules should be promulgated including the designation of a prescribed area within the unit limiting the horizontal extent of the wellbore. Said unit is located approximately 2.5 miles south of a point common to Rio Arriba and San Juan Counties, New Mexico and the State of Colorado.

CASE 9499: Application of Meridian Oil, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in Lots 11, 12, 13, and 14 of Irregular Section 11, Township 30 North, Range 10 West, forming a standard 154.74-acre gas spacing and proration unit in the Undesignated North Aztec-Fruitland Pool. The applicant proposes to drill its Sunray "H" Well No. 201 at an unorthodox surface location 660 feet from the South line and 270 feet from the West line (Unit M) of said Section 11. From a true vertical depth of approximately 2725 feet, the applicant proposes to drill horizontally in a northeasterly direction, for an approximate

lateral distance of 1328 feet within said formation. The terminus of the bottomhole location is to be approximately 1850 feet from the South and West lines of said Section 11. Special Rules should be promulgated including the designation of a prescribed area within the unit limiting the horizontal extent of the wellbore. Said location is approximately 8 miles east of Aztec, New Mexico.

CASE 9483: (Continued from September 14, 1988, Examiner Hearing.)

Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its South Mattix Unit Well No. 15 located 660 feet from the North and East lines (Unit A) of Section 22, Township 24 South, Range 37 East, Fowler-Upper Silurian Gas Pool, the E/2 of said Section 22, forming a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to its South Mattix Unit Well No. 5 located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. The subject proration unit is located approximately 1.5 miles north of the old El Paso Natural Gas Company Jal Plant No. 2.

CASE 9500: 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. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9501: Application of Mobil Producing Texas and New Mexico Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying all of Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool or other pools having 640-acre spacing; the E/2 of said section for the Basin-Dakota Pool or any other pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools and/or formations having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 28. 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 units are located approximately 6 1/4 miles north of Regina, New Mexico.

CASE 9458: (Continued from September 14, 1988, Examiner Hearing.)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ball Canyon, Cherry Canyon, and Brushy Canyon formations (Delaware Mountain Group) underlying the NW/4 SW/4 (Unit L) of Section 27, Township 26 South, Range 29 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 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 3/4 mile north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 9492: (Continued from September 28, 1988, Examiner Hearing.)

Application of Mobil Exploration and Producing U.S.A. as agent for Mobil Producing Texas and New Mexico, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mancos formation underlying all of Section 34, Township 24 North, Range 1 West, to form a standard 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool and also pooling all interests in the Dakota formation underlying the S/2 of said section to form a standard 320-acre spacing and proration unit for the Basin-Dakota Pool. 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 units are located approximately 5 1/4 miles north of Regina, New Mexico.

CASE 9493: (Continued from September 28, 1988, Examiner Hearing.)

Application of Nassau Resources for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 7900 feet in the West Puerto Chiquito-Mancos Oil Pool underlying Section 34, Township 24 North, Range 1 West, forming a standard 640-acre spacing and proration unit. Said unit is to be dedicated to applicant's Cutting Edge Well No. 34-10 located at a standard location in 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 unit is located approximately 5 1/4 miles north of Regina, New Mexico.

CASE 9476: (Continued from September 28, 1988, Examiner Hearing.)

Application of Meridian Oil, 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 Oil Pool underlying all of Section 3, Township 26 North, Range 2 West, to form a 636.80-acre, more or less, standard oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location in the SW/4 NW/4 (Unit E) of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 14 miles north of Lindrith, New Mexico.

CASE 9435: (Reopened and Readvertised)

Application of Union Oil Company of California d/b/a Unocal 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 in the Undesignated House Yates-Seven Rivers Gas Pool for a well to be drilled in Lot 1 at a point 600 feet from the North line of Irregular Section 5, Township 20 South, Range 39 East, and 330 feet East of the western boundary of Lot 1 in said Section 5, said well to be dedicated to Lots 1 and 4 of said Section 5 thereby forming a 58.72-acre non-standard gas proration and spacing unit for said pool. Said location is approximately 3.75 miles S 73° E of Nadine, New Mexico.

CASE 9490: (Continued from September 28, 1988, Examiner Hearing.)

Application of Texaco Producing Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in any and all formations to the base of the Strawn formation underlying the E/2 of Section 17, Township 25 South, Range 36 East, forming a standard 320-acre spacing and proration unit for any and all formations developed on 320-acre spacing. Said unit is to be dedicated to its West Jal B Deep Well No. 1 located at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 17. 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 5½ miles west by north of Jal, New Mexico.

CASE 9512: Application of ARCO Oil and Gas Company to reinstate Division Order No. R-4984, simultaneous dedication and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reinstate Division Order No. R-4984 which authorized the standard 640-acre gas spacing and proration unit in the Jalmat Gas Pool, consisting of Section 14, Township 22 South, Range 36 East, to be simultaneously dedicated to the McDonald "WN" State Wells No. 11 and 27 (Well No. 27 being at an unorthodox gas well location) located in Units D and O, respectively. Applicant further seeks the addition of the McDonald "WN" State Wells No. 28 (authorized by the Division Director by letter dated June 18, 1976) and 31 located in Units F and A, respectively, of said Section 14, said Well No. 31 being at an unorthodox gas well location 660 feet from the North and East lines of said Section 14. Said unit is located approximately 7 miles southwest by west of Eunice, New Mexico.

CASE 9513: Application of Nearburg Producing Company for directionally drilling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to reenter the Texas International Petroleum Corp. Byers Well No. 1 located 660 feet from the South and West lines (Unit M) of Section 12, Township 17 South, Range 37 East, wherein the applicant proposes to deviate from vertical at a depth of approximately 7000 feet and bottom said wellbore in the Strawn formation at a subsurface unorthodox oil well location 330 feet from the South line and 990 feet from the West line of said Section 12. IN THE ALTERNATIVE, should re-entry into the aforementioned well be unsuccessful, the applicant seeks to drill a well at an unorthodox oil well location 330 feet from the South line and 990 feet from the West line (Unit M) of Section 12. In either case, the S/2 SW/4 of said Section 12 is to be dedicated to the appropriate well forming a standard 80-acre oil spacing and proration unit for either the Undesignated Humble City-Strawn Pool or South Humble City-Strawn Pool. The proposed unit is located approximately 4.75 miles west of Knowles, New Mexico.

CASE 9514: Application of OXY USA, 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 Wolfcamp formation underlying the SE/4 SE/4 (Unit P) of Section 29, Township 19 South, Range 36 East, to form a standard 40-acre oil spacing and proration unit for any and all pools or formations developed on statewide 40-acre spacing (which includes but is not necessarily limited to the Undesignated East Pearl-Queen Pool, Undesignated Eunice Monument-Grayburg-San Andres Pool, and an oil well in the Undesignated Eumont Gas 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 located approximately 6 miles west of Monument, New Mexico.

Dockets Nos. 33-88 and 34-88 are tentatively set for November 9 and November 22, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 26, 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 9510: Application of Yates Petroleum Corporation 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 its New Deal "AFD" Federal Well No. 1 located 1980 feet from the North line and 760 feet from the East line (Unit H) of Section 6, Township 18 South, Range 25 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Mississippian formation (which includes but is not necessarily limited to the Eagle Creek Permo-Pennsylvanian Gas Pool, Undesignated Eagle Creek-Strawn Gas Pool and the Undesignated Richard Knob Atoka-Morrow Gas Pool), Lots 1, 2, 3, 4, and 5, the SE/4 NW/4, and the S/2 NE/4 of said Section 6 to be dedicated to said well forming a standard 324.66-acre gas spacing and proration unit. Said well is located approximately 10 miles southwest by west of Artesia, New Mexico.

CASE 9413: (Continued from September 28, 1988, Examiner Hearing.)

Application of Yates Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special pool rules for the Avalon-Delaware Pool located in portions of Township 20 South, Ranges 27 and 28 East, including a provision to increase the gas-oil ratio limitation to 5,000 cubic feet of gas per barrel of oil. Said area is located approximately 9 miles north of Carlsbad, New Mexico.

CASE 9497: (Continued from October 12, 1988, Examiner Hearing.)

Application of Corinne B. Grace for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bell Canyon and Upper Cherry Canyon formations of the East Ross Draw-Delaware Pool in the perforated interval from approximately 3886 feet to 4990 feet in its Zac Federal Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 25, Township 26 South, Range 30 East. Said well is located approximately 1/2 mile north-northwest of Monument No. 45 on the Texas/New Mexico stateline.

CASE 9511: Application of Phillips Petroleum Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the South Peterson-Fusselman Pool and Montoya formation in the perforated interval from approximately 7892 feet to 7944 feet in its Lambirth "A" Well No. 6 located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 30, Township 5 South, Range 33 East, which is located 10.5 miles west of Pep, New Mexico.

CASE 9391: In the matter of Case 9391 being reopened upon the application of Foran Oil Company in order to add the Home-Stake Royalty Corporation and the Home-Stake Oil and Gas Company to Division Order No. R-8674, which is the order resulting from said Case 9391 providing for the compulsory pooling of all mineral interests in the Strawn formation underlying the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool. Said unit is located approximately 4 miles east by south of the junction of U.S. Highway 82 and New Mexico State 18 in Lovington, New Mexico.

CASE 9491: (Readvertised)

Application of Foran Oil Company for simultaneous dedication, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to simultaneously dedicate a standard 320-acre gas spacing and proration unit in the Diamond Mound Atoka-Morrow Gas Pool consisting of the W/2 of Section 36, Township 15 South, Range 27 East, to the existing State "ET" Well No. 1 located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of said Section 36 and to a second well to be drilled at a standard gas well location in the SW/4 of said Section 36. Said unit is located approximately 14 miles east-northeast of Artesia, New Mexico.

CASE 9475: (Continued from September 28, 1988, Examiner Hearing.)

Application of Meridian Oil, 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 Oil Pool underlying all of Section 2, Township 26 North, Range 2 West, to form a 638.28-acre, more or less, standard oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location in Lot 3 of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 14 miles north of Lindrith, New Mexico.