

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 17, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 7-94 and 8-94 are tentatively set for March 3, 1994 and March 17, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10812: (Continued from February 3, 1994, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located near the Huerfano Boarding School.

CASE 10908: **Application of Snyder Oil Corporation for downhole commingling, San Juan County, New Mexico.** Applicant seeks approval to downhole commingle Gallup Oil and Basin-Dakota Gas Pool production within the wellbore of its Con Hale Well No. 2-E, located at a previously approved unorthodox oil well location (Division Administrative Order NSL-2402, dated December 22, 1987) 1040 feet from the South line and 884 feet from the West line (Unit M) of Section 15, Township 26 North, Range 8 West, being approximately 6 miles west of the El Paso Natural Gas Company Largo Station.

CASE 10829: (Continued from January 20, 1994, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool; and the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox location within said S/2 proration unit. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

CASE 10541: (Reopened)

In the matter of Case 10541 being reopened pursuant to the provisions of Division Order No. R-9773, as amended, which order promulgated special pool rules and regulations for the East Herradura Bend-Delaware Pool in Eddy County. Operators in said pool may appear and show cause why the special limiting gas-oil ratio for the East Herradura Bend-Delaware Pool should remain in effect.

CASE 10909: **Application of Klabruba Oil and Gas for an unorthodox well location, Lea County, New Mexico.** Applicant seeks authorization to drill its State Well No 1-36 at an unorthodox location 2403 feet from the North line and 2620 feet from the West line (Unit F) of Section 36, Township 11 South, Range 37 East, Devonian formation, Gladiola-Devonian Pool. The SE/4 NW/4 of said Section 36 should be dedicated to the well. Said area is located approximately 8 miles northeast of Tatum, New Mexico.

CASE 10910: **Application of Manzano Oil Corporation for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval of the unorthodox location in the Morrow formation, West Osudo-Morrow Gas Pool, for its Neuhaus Federal Well No 3 to be drilled 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 14, Township 20 South, Range 35 East, the E/2 of said Section 14 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Morrow, spaced on 320 acres. Said well is located approximately 17 miles southwest of Hobbs, New Mexico.

CASE 10839: (Continued from January 20, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 28, Township 18 South, Range 34 East, forming a standard 640-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J, 1980 feet from the South and East lines of 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10911: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 31, Township 17 South, Range 27 East. Applicant proposes to reenter the Fasken Exxon AOF Federal Com Well No. 1 located at a standard location 1980 feet from the South and East lines of said Section 31 to test any and all formations to the base of the Morrow, Undesignated Red Lake-Pennsylvanian 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles east-southeast of Artesia, New Mexico.

CASE 10912: **Application of Enron Oil & Gas Company for downhole commingling, Eddy County, New Mexico.** Applicant seeks approval to downhole commingle production from the Morrow formation, West Sand Dunes-Morrow Gas Pool, and Atoka formation, West Sand Dunes-Atoka Gas Pool, within the wellbore of its Pure Gold "B" Federal Well No. 2 located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 23 South, Range 31 East. Said area is located near Mile Marker 14 on State Highway 128.

CASE 10913: **Application of Collins & Ware, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the E/2 SW/4 of Section 10, Township 17 South, Range 37 East. Applicant proposes to dedicate the E/2 SW/4 of said Section 10 to its Scarborough Well No. 1 to be drilled at a standard location to test any and all formations to the base of the Strawn formation, Humble City-Strawn 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6 miles northeast of Humble City, New Mexico.

CASE 10899: (Continued from February 3, 1994, Examiner Hearing.)

Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 SW/4 or in the alternative, the N/2 SW/4 of Section 5, Township 17 South, Range 37 East, forming either a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Lovington-Drinkard Pool, OR IN THE ALTERNATIVE a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the West Knowles-Drinkard Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard oil well location in Unit L 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6 miles southeast of Lovington, New Mexico.

CASE 10914: Application of Marathon Oil Company for compulsory pooling, unorthodox well location and a non-standard gas proration and spacing unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco formation underlying Section 36, Township 20 1/2 South, Range 23 East, forming either a standard 345.4-acre oil-gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which may presently include but is not necessarily limited to the South Dagger Draw-Upper Pennsylvanian Associated Pool, OR IN THE ALTERNATIVE forming a non-standard 345.4-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, which may presently include but is not necessarily limited to the Indian Basin-Upper Pennsylvanian Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a well location 660 feet from the North line and 1650 feet from the East line of Section 36, said location being unorthodox if dedicated to the Indian Basin Upper Pennsylvanian Gas 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles southeast of Hope, New Mexico.

CASE 10915 Application of Conoco Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox producing interval, San Juan County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling project in the Basin Fruitland Coal Gas Pool with special operating rules, including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundary of its spacing unit being a standard 320-acre spacing unit consisting of the E/2 of Section 20, Township 29 North, Range 8 West. Said project area is located approximately 5.5 miles southwest of Navajo City, New Mexico.

CASE 10916: Application of Conoco Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox producing interval, San Juan County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Basin Fruitland Coal Gas Pool with special operating rules, including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundary of its spacing unit being a standard 320-acre spacing unit consisting of the W/2 of Section 23, Township 29 North, Range 8 West. Said project area is located approximately 4 miles southwest of Navajo City, New Mexico.

CASE 10917: Application of Conoco Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox producing interval, San Juan County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Basin Fruitland Coal Gas Pool with special operating rules, including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundary of its spacing unit being a standard 320-acre spacing unit consisting of the W/2 of Section 18, Township 32 North, Range 11 West. Said project area is located approximately 8 miles northwest of Cedar Hill, New Mexico.

CASE 10918: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its: (1) Neudecker Well No. 2, located 1650 feet from the North and East lines (Unit G) of Section 35, Township 29 North, Range 10 West, an existing Pictured Cliffs formation well dedicated to the NE/4 of Section 35 with the E/2 of said Section to be dedicated to coal gas production. Said well is located approximately 3 miles south-southwest from Blanco, New Mexico. (2) Zachry Well No. 11 located 990 feet from the South and West lines (Unit M) of Section 10, Township 28 North, Range 10 West, an existing Pictured Cliffs formation well dedicated to a previously approved non-standard spacing unit consisting of part of Sections 9 and 10 with all of Section 10 to be dedicated to coal gas production. Said well is located approximately 4.5 miles southwest of Blanco, New Mexico. (3) Pierce Federal A Well No. 1 located 990 feet from the North and East lines (Unit A) of Section 34, Township 29 North, Range 10 West, an existing Pictured Cliffs formation well dedicated to the NE/4 of Section 34 with the N/2 of said Section to be dedicated to coal gas production. Said well is located approximately 3 miles southwest of Blanco, New Mexico.

CASE 10919: Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its Lodewick Well No. 1, an existing Pictured Cliffs formation well, located 990 feet from the North and West lines, (Unit D) of Section 18, Township 27 North, Range 9 West. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 18 and to a standard 160-acre gas spacing unit for the Fulcher Kutz-Pictured Cliffs Gas Pool being the NW/4 of Section 18, located approximately 2 miles northeast of Angels Peak, New Mexico.

CASE 10920: Application of Meridian Oil Inc. for downhole commingling and unorthodox gas well locations, San Juan County, New Mexico. Applicant seeks approval to drill its proposed C. M. Morris Well No. 100 at an unorthodox gas location 1340 feet from the North line and 1405 feet from the East line, (Unit G) of Section 10, Township 27 North, Range 10 West and to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool production (NE/4 dedication) with the Basin-Fruitland Coal Gas Pool production (E/2 dedication) within the wellbore. Said well is located approximately 2.5 miles northwest of Angels Peak, New Mexico. Applicant also seeks to drill its proposed Huerfano Unit Com Well No. 509 at an unorthodox gas well location 775 feet from the North line and 545 feet from the West line (Unit D) of Section 30, Township 27 North, Range 10 West and to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool production (NW/4 dedication) and the Basin-Fruitland Coal Gas Pool production (N/2 dedication) within the wellbore. Said well is located approximately 4.25 miles west-southwest from Angels Peak, New Mexico.

CASE 10921: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its: (1) Huerfano Unit Well No. 74, located in Unit M of Section 19, Township 27 North, Range 10 West, an existing Pictured Cliffs formation well dedicated to the SW/4 of Section 19 with the W/2 of said Section to be dedicated to coal gas production. (2) West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Huerfano Unit Well No. 18 located in Unit M of Section 32, Township 27 North, Range 10 West, an existing Pictured Cliffs Formation well dedicated to the SW/4 of Section 32 with the S/2 of said Section to be dedicated to coal gas production. Said wells are located approximately 4 miles southwest of Angels Peak, New Mexico.

CASE 10521: (Reopened- Continued from January 6, 1994, Examiner Hearing.)

In the matter of Case No. 10521 being reopened pursuant to the provisions of Order No. R-8170-L which order promulgated special rules and regulations for the South Blanco-Pictured Cliffs Pool establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony should it become apparent that continuation of a minimum gas allowable will not serve to prevent waste and protect correlative rights. This cause will be continued to a January 1994 docket.

CASE 10036: (Reopened - Continued from January 6, 1994, Examiner Hearing.)

In the matter of Case No. 10036 being reopened pursuant to the provisions of Order No. R-8170-G which order promulgated special rules and regulations for the Eumont Gas Pool, establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Eumont Gas Pool. This cause will be continued to a January 1994 docket.

CASE 10111: (Reopened - Continued from January 6, 1994, Examiner Hearing.)

In the matter of Case 10111 being reopened pursuant to the provisions of Division Order No. R-8170-J, as amended, which order established minimum gas allowables in the Jalmat Gas Pool in Lea County. Operators in said pool may appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Jalmat Gas Pool. This case will be continued to the January 6, 1994, hearing.

CASE 10858: (Continued from January 20, 1994, Examiner Hearing.)

Application of Mitchell Energy Corporation for a waiver of the salt protection string requirements of Order No. R-111-P for certain wells, Lea County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Order No. R-111-P from ten wells to be located in Section 4, Township 20 South, Range 33 East, and to be drilled to test for production in the West Teas Yates-Seven Rivers Pool. The subject wells are located north of Highway 180 some 4.75 miles northeast of the intersection of Highways 176 and 180 and are approximately 2.75 miles northeast of Laguna Gatuna, New Mexico.