

Dockets Nos. 38-86 and 1-87 are tentatively set for December 17, 1986, and January 7, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 3, 1986
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 8983: (Continued from November 5, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing Inc., the Travelers, and all other parties to appear and show cause why Oil Processing's authority under Division Order No. R-6053 to operate an oil treating plant located in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East, Lea County, should not be cancelled and why the site of such plant should not be reclaimed in a timely manner and to specifications authorized by the OCD.

CASE 9051: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Petro-Thermo Corporation to appear and show cause why its Form C-133, Authorization to Haul Water, should not be cancelled for non-compliance with Oil Conservation Division's regulations.

CASE 9041: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Casa Petroleum, Inc., U.S. Insurance Group, and all other interested parties to appear and show cause why the Peterson Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 17, Township 4 South, Range 33 East, Roosevelt County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9042: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Fannie Lee Mitchell and all other interested parties to appear and show cause why the Caudill SWD Well No. G-32 located 1980 feet from the North line and 1830 feet from the East line (Unit G) of Section 32, Township 15 South, Range 36 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9031: (Continued from November 5, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for hardship gas well classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Mescal "SE" Federal Well No. 1 located 660 feet from the North line and 1750 feet from the West line (Unit C) of Section 18, Township 21 South, Range 22 East, Little Box Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 9043: Application of Apollo Oil Company for N.G.P.A. Wellhead Price Ceiling Category Determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that its State "E" Tract 17 Well No. 5 located 990 feet from the South line and 660 feet from the East line (Unit P) of Section 1, Township 17 South, Range 36 East, Lovington-Queen Pool, is producing natural gas from a new onshore reservoir and should therefore be designated as such under Section 102 of the Natural Gas Policy Act of 1978 and Division Order No. R-5878-B, as amended.

CASE 9044: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 23, Township 22 South, Range 27 East, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said 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.

CASE 9045: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 24, Township 22 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said 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.

- CASE 9046: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 9,700 feet or the base of the Bone Spring formation underlying the SE/4 NW/4 of Section 26, Township 18 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 9047: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line of Section 2, Township 22 South, Range 27 East, Undesignated East Carlsbad-Strawn Gas Pool, the W/2 of said Section 2 to be dedicated to the well.
- CASE 9048: Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 20, Township 25 North, Range 1 West, to form a standard 640-acre 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.
- CASE 8849: (Continued from November 5, 1986, Examiner Hearing)
- Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Spring Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:
- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
 - 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
 - 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
 - 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.
- CASE 9026: (Readadvertised)
- Application of Oklahoma Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following three 160-acre non-standard gas spacing and proration units in the Basin-Dakota Pool:
- 1) the NE/4 of Section 19, Township 27 North, Range 11 West, to be dedicated to its Federal Well No. 1 located 1850 feet from the North and East lines (Unit G) of said Section 19;
 - 2) the NE/4 of Section 5, Township 30 North, Range 13 West, to be dedicated to its Knight Well No. 1 located 925 feet from the North line and 920 feet from the East line (Unit A) of said Section 5; and,
 - 3) the SW/4 of Section 21, Township 31 North, Range 13 West, to be dedicated to its Johnson Well No. 1 located 885 feet from the South line and 800 feet from the West line (Unit M) of said Section 21.
- Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said units.
- CASE 9027: (Readadvertised)
- Application of P-R-O Management, Inc. for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following three 160-acre non-standard gas spacing and proration units in the Basin-Dakota Pool:

- 1) the NW/4 of Section 19, Township 27 North, Range 11 West, to be dedicated to its Federal Well No. 1E located at a previously approved non-standard gas well location (Administrative Order NSL-1156) 1120 feet from the North line and 2300 feet from the West line (Unit C) of said Section 19;
- 2) the SE/4 of Section 5, Township 30 North, Range 13 West, to be dedicated to its Knight Well No. 1E located 1820 feet from the South line and 690 feet from the East line (Unit I) of said Section 5; and,
- 3) the SE/4 of Section 21, Township 31 North, Range 13 West, to be dedicated to its Johnson Well No. 1E located 1120 feet from the South and East lines (Unit P) of said Section 21.

Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 9035: (Continued from November 5, 1986, Examiner Hearing)

Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros Dakota Oil Pools underlying the E/2 of Section 20, Township 25 North, Range 2 West, forming a standard 320-acre 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.

CASE 9028: (Readvertised)

Application of Oklahoma Oil Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 11, Township 31 North Range 13 West, Blanco-Mesaverde and Basin-Dakota Pools, to be dedicated to the applicant's Nickles Well No. 1 located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable in both pools for said unit.

CASE 9029: (Readvertised)

Application of P-R-O Management, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 11, Township 21 North, Range 13 West, Blanco-Mesaverde and Basin-Dakota Pools, to be dedicated to the applicant's Nickles Well No. 1M located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable in both pools for said unit.

CASE 9049: Application of Foran Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 30, Township 15 South, Range 28 East, forming a standard 320-acre gas 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.

CASE 8586: (Reopened)

Application of the Oil Conservation Division on its own motion to reopen Case No. 8586. Applicant seeks to reopen said Case for rescission of Division Order No. R-333, as amended, and to amend and recodify San Juan Basin gas well test procedures. Applicant further seeks an extension of the 1986 deliverability test period and suspension of 1987 deliverability flow test requirement.

CASE 9050: Application of the Oil Conservation Division on its own motion to amend Order No. R-8170. Applicant seeks to amend the General Rules for Prorated Gas Pools to include a definition of retest (deliverability).

CASE 9038: (Continued from November 19, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending the vertical and horizontal limits of certain pools in Chaves and Lea Counties, New Mexico:

- (a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Carson-Atoka Gas Pool. The discovery well is the Robert N. Enfield Carson Federal Well No. 1 located in Unit L of Section 3, Township 9 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 31 EAST, NMPM
Section 3: W/2

- (b) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Atoka production and designated as the North Lovington-Atoka Gas Pool. The discovery well is the North American Royalties Inc. Hudgens Well No. 1 located in Unit J of Section 11, Township 16 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 11: S/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the West Pitchfork Ranch-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Madera Ridge 25 Fed Com Well No. 1 located in Unit L of Section 25, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 25: W/2

- (d) EXTEND the Bronco Siluro-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 15: NE/4

- (e) EXTEND the Central Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 9: SW/4

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

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 7: NW/4

- (g) EXTEND the vertical limits of the Lovington-San Andres Pool in Lea County, New Mexico, to include the Grayburg formation and redesignate said pool as the Lovington Grayburg-San Andres Pool.

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

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

- (i) EXTEND the East Morton-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 35 EAST, NMPM
Section 33: NE/4

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

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

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 4: NW/4
Section 5: N/2

- (k) EXTEND the Northwest Shoe Bar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 15: N/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 12: NW/4

The OCD further seeks this order to be made effective December 1, 1986.