

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 927-5800

TO WHOM IT MAY CONCERN:

I, MICHAEL E. STOGNER, Hearing Examiner, do hereby certify that Case 9057 was heard by me on January 7, 1987. Due to an error in the advertisement this case will have to be readvertised for February 4, 1987. I see no problem with this case and will recommend that it be approved at that time.

 1/7/87  
MICHAEL E. STOGNER

Dockets Nos. 3-87 and 4-87 are tentatively set for January 21 and February 4, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 7, 1987

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

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for February, 1987, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for February, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9051: (Continued from December 17, 1986, Examiner Hearing)

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 regulations.

CASE 9027: (Readvertised)

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 9057: Application of New Mexico Petroleum Company to transfer ownership of its oil treating plant approved by Division Order No. R-3960, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland E. Caudill to Jess Keeth pursuant to Division General Rule 312 for their oil treating plant located in the SE/4 of Section 25, Township 11 South, Range 33 East (authorized by Division Order No. R-3960).

CASE 9058: Application of Yates Petroleum Corporation 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 Atoka formation underlying either the NW/4 NE/4 of Section 14, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the N/2 NE/4 of said Section 14 to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 80-acre spacing, both aforementioned units 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 9043: (Continued from December 3, 1986, Examiner Hearing)

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 9059: Application of Harvey E. Yates Company for exception to Division Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas into seven unlined pits all located in Township 18 South, Range 31 East, as follows:

Section 1: NE/4 SW/4  
Section 2: NW/4 SE/4  
Section 3: NW/4 NW/4  
Section 4: NW/4 SE/4  
Section 11: NW/4 NE/4  
Section 12: SE/4 NW/4  
Section 13: SE/4 SE/4

CASE 9053: (Continued from December 17, 1986, Examiner Hearing)

Application of Mewbourne Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen and Penrose formations in the perforated interval from approximately 3875 feet to 3906 feet and 4128 feet to 4152 feet, respectively, in its Federal "E" Well No. 9 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 28, Township 18 South, Range 32 East, Querecho Plains-Queen Associated Pool.

CASE 9060: Application of ARCO Oil and Gas 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 Atoka formation underlying the W/2 of Section 23, Township 17 South, Range 35 East, to form 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 9061: Application of ARCO Oil and Gas Company for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Chacon Federal Well No. 102 to be drilled 900 feet from the North line and 990 feet from the East line of Section 19, Township 24 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, and the simultaneous dedication of the previously approved non-standard oil proration unit consisting of the NE/4 and Lots 1 and 2 of said Section 19 comprising 191.55 acres, more or less, to this well and to the existing Chacon Federal Well No. 101 located 700 feet from the North line and 800 feet from the East line of said Section 19.

CASE 9048: (Continued from December 17, 1986, Examiner Hearing)

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 December 17, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determination, 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 9056: (Continued from December 17, 1986, Examiner Hearing)

Application of Citation Oil & Gas 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 Yates formation in the open-hole interval from approximately 2636 feet to 2725 feet in its State Well No. 1-Y located 380 feet from the North and West lines (Unit D) of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool.

CASE 9062: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Triple X-Bone Spring Pool. The discovery well is the Texaco Producing Inc. HNG 4F State Well No. 1 located in Unit F of Section 4, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 4: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the North Tulk-Abo Pool. The discovery well is the Coastal Oil & Gas Corporation State 22 Well No. 2 located in Unit O of Section 22, Township 14 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM  
Section 22: SE/4

- (c) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 20: NE/4

- (d) EXTEND the Lower Double A-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM  
Section 21: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 17: SE/4  
Section 20: NE/4  
Section 21: W/2  
Section 28: N/2

- (f) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 6: SW/4  
Section 7: NW/4

- (g) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 11: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM  
Section 4: SE/4

- (i) EXTEND the Wilson Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM  
Section 6: SE/4

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 8, 1987

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9015: (Continued from November 20, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of new Rules 315, 413, and 903 to establish a gas priority production schedule. The Division seeks adoption of a hierarchy of classes of gas production in times of severely restricted demand for gas from New Mexico wells. Also to be considered will be the application of such rules to purchasers with marketing affiliates.

CASE 9018: (Continued from November 20, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-8170. The Division seeks the amendment of Rule 10(a), 11(a), and 11(b) of the General Rules for the Prorated Gas Pools of New Mexico to provide for two-year balancing periods and for a twelve times overproduced limit for the prorated gas pools of northwest New Mexico. Further to be considered is creation of a Gas Bank wherein gas allowables may be deposited for later use.

CASE 9063: Application of Merrion Oil & Gas Corporation for enforcement of Common Purchaser Requirements of Section 70-2-19 NMSA 1978 (1984 Supplement) and other pertinent provisions of the Oil and Gas Act, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order requiring El Paso Natural Gas Company to purchase applicant's casinghead gas production, without discrimination as to price paid, quantity purchased, bases of measurement, or gas transportation facilities afforded, as compared to casinghead gas from other wells of like quantity, quality, and pressure, from the common source of supply known as the Gavilan-Mancos Oil Pool, from the following identified wells:

1. Oso Canyon Gas Com C Well No. 1 located 1650 feet from the North and West lines of Section 13, Township 24 North, Range 2 West;
2. Krystina Well No. 1 located 1820 feet from the South line and 1650 feet from the West line of Section 14, Township 24 North, Range 2 West.

Applicant further seeks an order requiring El Paso Natural Gas Company to take ratably the casinghead gas produced from the aforementioned wells and any such other relief as may be appropriate.

Dockets Nos. 6-87 and 7-87 are tentatively set for February 18 and March 4, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 4, 1987  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 9057: (Continued and Readvertised)

Application of New Mexico Petroleum Company to amend Division Order No. R-3960 and to transfer ownership of its oil treating plant approved by said Order, Lea County, New Mexico. Division Order No. R-3960, dated May 12, 1970, authorized New Mexico Petroleum Company to install and operate an oil treating plant at a site located in the SE/4 of Section 25, Township 11 South, Range 33 East. Applicant, in the above-styled cause, seeks to amend said Order to reflect the proper location of said plant site in the SW/4 SE/4 of Section 7, Township 11 South, Range 37 East. Applicant further seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland Caudill to Jess Keeth pursuant to Division General Rule 312.

CASE 9060: (Continued from January 7, 1987, Examiner Hearing)

Application of ARCO Oil and Gas 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 Atoka formation underlying the W/2 of Section 23, Township 17 South, Range 35 East, to form 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 9061: (Reopened and Readvertised)

Application of ARCO Oil and Gas Company for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Chacon Federal Well No. 102 to be drilled 900 feet from the North line and 990 feet from the East line of Section 19, Township 24 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, and the simultaneous dedication of the previously approved non-standard oil proration unit (Administrative Order NSP-1367) consisting of the NE/4 and Lots 1 and 2 of said Section 19 comprising 191.55 acres, more or less, to this well and to the existing Chacon Federal Wells Nos. 101 (located 700 feet from the North line and 800 feet from the East line of said Section 19) and 8 (located 1825 feet from the North line and 1850 feet from the East line of said Section 19).

CASE 9070: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco Canyon formation underlying the SE/4 of Section 19, Township 19 South, Range 25 East, to form a standard 160-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 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 9058: (Continued from January 21, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation 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 Atoka formation underlying either the NW/4 NE/4 of Section 14, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the N/2 NE/4 of said Section 14 to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 80-acre spacing, both aforementioned units 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 9071: Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 NW/4 of Section 8, Township 16 South, Range 37 East, to form a standard 80-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.

CASE 9068: (Continued from January 21, 1987, Examiner Hearing)

Application of Sage Energy Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the West Tres Papalotes-Pennsylvanian Pool in the perforated interval from approximately 10,401 feet to 10,410 feet in its New Mexico State Well No. 1 located 560 feet from the North and East lines (Unit A) of Section 31, Township 14 South, Range 34 East.

CASE 9072: Application of Mobil Producing Texas and New Mexico, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the North Vacuum-Abo Pool by the injection of water into the perforated interval from approximately 8714 feet to 8762 feet in its State "N" Well No. 2 located 735 feet from the North line and 840 feet from the West line (Unit D) of Section 10, Township 17 South, Range 34 East.

CASE 9073: Application of Mallon Oil Company for the reinstatement of oil production allowables and an exception to the provisions of Division General Rule 502 for certain wells located in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order reinstating the oil allowables which should have been assigned to the following described wells, all in Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool, for the months of January, February, March, and April, 1986. Applicant further seeks an exemption to the provisions of Division General Rule 502 which limit the period of time an operator is given to make up any overproduction of oil and casinghead gas:

Howard Federal "1" Well No. 8 located in Unit H of Section 1;

Howard Federal "1" Well No. 11 located in Unit K of Section 1;

Fisher Federal "2" Well NO. 1 located in Unit A of Section 2;

Ribeyowids Federal "2" Well No. 16 located in Unit P of Section 2; and,

Johnson Federal "12" Well No. 5 located in Unit E of Section 12.

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Docket No. 5-87

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 11, 1987  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- ALLOCNABLE:
- (1) Consideration of the allowable production of gas for March, 1987, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for March, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 6-87 and 7-87 are tentatively set for February 18 and March 4, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 4, 1987  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 9057: (Continued and Readvertised)

Application of New Mexico Petroleum Company to amend Division Order No. R-3960 and to transfer ownership of its oil treating plant approved by said Order, Lea County, New Mexico. Division Order No. R-3960, dated May 12, 1970, authorized New Mexico Petroleum Company to install and operate an oil treating plant at a site located in the SE/4 of Section 25, Township 11 South, Range 33 East. Applicant, in the above-styled cause, seeks to amend said Order to reflect the proper location of said plant site in the SW/4 SE/4 of Section 7, Township 11 South, Range 37 East. Applicant further seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland Caudill to Jess Keeth pursuant to Division General Rule 312.

CASE 9060: (Continued from January 7, 1987, Examiner Hearing)

Application of ARCO Oil and Gas 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 Atoka formation underlying the W/2 of Section 23, Township 17 South, Range 35 East, to form 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 9061: (Reopened and Readvertised)

Application of ARCO Oil and Gas Company for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Chacon Federal Well No. 102 to be drilled 900 feet from the North line and 990 feet from the East line of Section 19, Township 24 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, and the simultaneous dedication of the previously approved non-standard oil proration unit (Administrative Order NSP-1367) consisting of the NE/4 and Lots 1 and 2 of said Section 19 comprising 191.55 acres, more or less, to this well and to the existing Chacon Federal Wells Nos. 101 (located 700 feet from the North line and 800 feet from the East line of said Section 19) and 8 (located 1825 feet from the North line and 1850 feet from the East line of said Section 19).

CASE 9070: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco Canyon formation underlying the SE/4 of Section 19, Township 19 South, Range 25 East, to form a standard 160-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 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 9058: (Continued from January 21, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation 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 Atoka formation underlying either the NW/4 NE/4 of Section 14, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the N/2 NE/4 of said Section 14 to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 80-acre spacing, both aforementioned units 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 9071: Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 NW/4 of Section 8, Township 16 South, Range 37 East, to form a standard 80-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.

CASE 9068: (Continued from January 21, 1987, Examiner Hearing)

Application of Sage Energy Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the West Tres Papatotes-Pennsylvanian Pool in the perforated interval from approximately 10,401 feet to 10,410 feet in its New Mexico State Well No. 1 located 560 feet from the North and East Lines (Unit A) of Section 31, Township 14 South, Range 34 East.

CASE 9072: Application of Mobil Producing Texas and New Mexico, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the North Vacuum-Abo Pool by the injection of water into the perforated interval from approximately 8714 feet to 8762 feet in its State "N" Well No. 2 located 735 feet from the North line and 840 feet from the West line (Unit D) of Section 10, Township 17 South, Range 34 East.

CASE 9073: Application of Mallon Oil Company for the reinstatement of oil production allowables and an exception to the provisions of Division General Rule 502 for certain wells located in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order reinstating the oil allowables which should have been assigned to the following described wells, all in Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool, for the months of January, February, March, and April, 1986. Applicant further seeks an exemption to the provisions of Division General Rule 502 which limit the period of time an operator is given to make up any overproduction of oil and casinghead gas:

- Howard Federal "1" Well No. 8 located in Unit H of Section 1;
- Howard Federal "1" Well No. 11 located in Unit K of Section 1;
- Fisher Federal "2" Well NO. 1 located in Unit A of Section 2;
- Ribeyowids Federal "2" Well No. 16 located in Unit P of Section 2; and,
- Johnson Federal "12" Well No. 5 located in Unit E of Section 12.

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Docket No. 5-87

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 11, 1987  
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- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1987, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for March, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 10-87 and 11-87 are tentatively set for March 18 and April 8, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 4, 1987  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 9057: (Reopened and Readvertised)

Application of New Mexico Petroleum Company to amend Division Order No. R-3960 and to transfer ownership of its oil treating plant approved by said Order, Lea County, New Mexico. Division Order No. R-3960, dated May 12, 1970, authorized New Mexico Petroleum Company to install and operate an oil treating plant at a site located in the SE/4 of Section 25, Township 11 South, Range 33 East. Applicant, in the above-styled cause, seeks to amend said Order to reflect the proper location of said plant site in the SW/4 SE/4 of Section 7, Township 11 South, Range 34 East. Applicant further seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland Caudill to Jess Keeth pursuant to Division General Rule 312.

CASE 8798: (Reopened)

In the matter of Case 8798 being reopened pursuant to the provisions of Order No. R-8182, which promulgated temporary special rules and regulations for the Casey-Strawn Pool in Lea County, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 9078: (Continued from February 18, 1987, Examiner Hearing)

Application of BTA Oil Producers to contract the horizontal limits of the West Osudo-Wolfcamp Pool and the concomitant creation of a new gas pool with special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the West Osudo-Wolfcamp Pool by the deletion therefrom of the NE/4 of Section 23, Township 20 South, Range 35 East, and the concomitant creation of a new gas pool for Wolfcamp production comprising the aforementioned area. Applicant further seeks the promulgation of temporary special pool rules therefor including a provision for 160-acre spacing.

CASE 9086: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 3595 feet to 9500 feet underlying the NE/4 SW/4 and SE/4 NW/4 of Section 12, Township 18 South, Range 31 East, forming two standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling that well.

CASE 9087: Application of Diamond Shamrock Exploration Company for an amendment to Division Order No. R-8331, Lea County, New Mexico. Division Order No. R-8331, dated November 4, 1986, authorized an unorthodox gas well location for the Antelope Ridge-Atoka Gas Pool for a well to be located 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East. Applicant, in the above-styled cause, now seeks to amend Order No. R-8331 to include the Morrow formation in the provisions set forth in said Order.

CASE 9088: Application of Nearburg Producing Company to amend the unorthodox location authorized by Division Order No. R-8375 and to include a directional drilling provision in said Order, Lea County, New Mexico. Division Order No. R-8375, dated December 23, 1986, authorized an unorthodox oil well location in the Undesignated South Humble City-Strawn Pool for a well to be drilled 1665 feet from the North line and 830 feet from the East line of Section 12, Township 17 South, Range 37 East. Applicant, in the above-styled cause, seeks to amend said Order to include authorization to directionally drill its well, located at the above-described surface location, to a bottomhole location in the Strawn formation within 100 feet of a point, 1980 feet from the North line and 430 feet from the East line of said Section 12, said bottomhole target point being unorthodox pursuant to the Special Rules promulgated for the South Humble City-Strawn Pool.

CASE 9089: Application of David Petroleum Company for compulsory pooling and unorthodox oil well location, 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 Undesignated Humble City-Atoka Pool underlying the N/2 NE/4 of Section 14, Township 17 South, Range 37 East, to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are being developed on 80-acre spacing, said unit to be dedicated to a well to be drilled at an unorthodox oil well location 1200 feet from the North line and 1950 feet from the East line of said Section 14. 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 9090: Application of Reading & Bates 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 and the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 16, Township 25 North, Range 2 West, to form a standard 320-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 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 9091: Application of Reading & Bates 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 NE/4 of Section 27, Township 25 North, Range 3 West, to form a standard 160-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 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 9092: Application of Reading & Bates 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 SE/4 of Section 22, Township 25 North, Range 3 West, to form a standard 160-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 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 9093: Application of Reading & Bates 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 and the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 24, Township 25 North, Range 3 West, to form a standard 320-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.
- CASE 9094: Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ojito Gallup-Dakota Oil Pool underlying the NE/4 NE/4, NW/4 NE/4, SE/4 NE/4 and SW/4 NE/4 of Section 12, Township 25 North, Range 3 West, to form four standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the NE/4 of said Section 12, to form a standard 160-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon, both provisions to be in accordance with the Special Pool Rules which are in existence at the time said well is drilled. Also to be considered in either case will be the cost of drilling and completing said well or wells 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 or wells and a charge for risk involved in drilling that well.
- CASE 9095: Application of Curtis J. Little for the promulgation of Special Pool Rules for the Ojito Gallup-Dakota Oil Pool or, in the alternative, to abolish the Ojito Gallup-Dakota Oil Pool and to concomitantly expand the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks to establish Special Rules and Regulations for the Ojito Gallup-Dakota Oil Pool including a provision for 160-acre spacing. IN THE ALTERNATIVE, the applicant seeks to abolish said Ojito Gallup-Dakota Oil Pool and to concomitantly expand the horizontal limits of the West Lindrith Gallup-Dakota Oil Pool to include the horizontal extent of the abolished pool plus the E/2 NE/4 of Section 21, Township 25 North, Range 3 West, Rio Arriba County.
- CASE 9096: Application of John E. Schalk for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for an existing 160-acre non-standard gas proration unit, comprising the NE/4 of Section 8, Township 25 North, Range 3 West, Blanco-Mesaverde Pool, (Division Order No. R-6469, as amended) and dedicated to its Schalk-Gulf Well No. 2 located at a standard location thereon.
- CASE 9097: Application of Columbus Energy Corporation for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for certain existing 160-acre, more or less, non-standard gas proration units in the Blanco-Mesaverde Pool, located in Township 31 North, Ranges 12 and 13 West.

- CASE 9098: Application of Union Texas Petroleum Corporation for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for certain existing 160-acre, more or less, non-standard gas proration units either in the Basin-Dakota or Blanco-Mesaverde Pool, located in Townships 24 and 25 North, Ranges 3 and 5 West, Rio Arriba County, and Township 31 North, Range 12 West, San Juan County.
- CASE 9099: Application of William C. Russell for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for certain existing 160-acre, more or less, non-standard gas proration units in the Blanco-Mesaverde Pool, located in Township 27 North, Range 8 West.
- CASE 9100: Application of C & E Operators, Inc. for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for certain existing 160-acre, more or less, non-standard gas proration units in the Blanco-Mesaverde Pool, located in Township 30 North, Range 11 West.
- CASE 9101: Application of Dugan Production Corporation for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for certain existing 160-acre, more or less, non-standard gas proration units in the Basin-Dakota Pool, located in Township 24 North, Range 5 West, Rio Arriba County, and in Townships 27 and 28 North, Ranges 10 and 13 West, San Juan County.
- CASE 9103: Application of National Cooperative Refinery Association for hardship gas well classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal 11-20-34 Well No. 1 located 1980 feet from the North line and 2130 feet from the West line (Unit F) of Section 11, Township 20 South, Range 34 East, Lea-Pennsylvanian Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 9102: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Eddy and Lea Counties, New Mexico:
- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Southwest Austin-Wolfcamp Pool. The discovery well is the Harvey E. Yates Company Goodrich Com Well No. 1 located in Unit F of Section 11, Township 15 South, Range 35 East, NMPM. Said pool would comprise:
- TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM  
Section 11: NW/4
- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Hume-Wolfcamp Pool. Further, assign approximately 30,165 barrels of discovery allowable to the discovery well, the Santa Fe Energy Operating Partners L. P. N. H. 5 Federal Well No. 1, located in Unit G of Section 5, Township 16 South, Range 34 East, NMPM. Said pool would comprise:
- TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 5: Lots 1, 2, 7, and 8
- (c) EXTEND the North Air Strip-Bone Spring Pool in Lea County, New Mexico, to include therein:
- TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 14: NW/4
- (d) EXTEND the Central Corbin-Queen Pool in Lea County, New Mexico, to include therein:
- TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 3: NW/4

- (e) EXTEND the West Grama Ridge-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 5: S/2

- (f) EXTEND the West Knowles-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 33: W/2

- (g) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

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

- (h) EXTEND the East Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM  
Section 19: SE/4

- (i) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 23: NW/4

- (j) EXTEND the South Sand Dunes-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM  
Section 29: SW/4  
Section 30: SE/4  
Section 32: N/2

- (k) EXTEND the North Sanmal-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM  
Section 8: N/2 and SE/4

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
Section 3: NW/4

- (m) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy and Lea Counties, New Mexico, to include therein:

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

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
Section 13: N/2

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DOCKET: COMMISSION HEARING - THURSDAY - MARCH 5, 1987

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9015: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of new Rules 315, 413, and 903 to establish a gas priority production schedule. The Division seeks adoption of a hierarchy of classes of gas production in times of severely restricted demand for gas from New Mexico wells. Also to be considered will be the application of such rules to purchasers with marketing affiliates.

CASE 9018: (Reopened and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-8170. The Division seeks the amendment of Rule 10(a), 11(a), and 11(b) of the General Rules for the Prorated Gas Pools of New Mexico to provide for two-year balancing periods and for a twelve times overproduced limit for the prorated gas pools of northwest New Mexico. Further to be considered is creation of a Gas Bank wherein gas allowables may be deposited for later use.

CASE 9063: (Readvertised)

Application of Merrion Oil & Gas Corporation for enforcement of Common Purchaser Requirements of Section 70-2-19 NMSA 1978 (1984 Supplement) and other pertinent provisions of the Oil and Gas Act, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order requiring El Paso Natural Gas Company to purchase applicant's casinghead gas production, without discrimination as to price paid, quantity purchased, bases of measurement, or gas transportation facilities afforded, as compared to casinghead gas from other wells of like quantity, quality, and pressure, from the common source of supply known as the Gavilan-Mancos Oil Pool, from the following identified wells:

1. Oso Canyon Gas Com C Well No. 1 located 1650 feet from the North and West lines of Section 13, Township 24 North, Range 2 West;
2. Krystina Well No. 1 located 1820 feet from the South line and 1650 feet from the West line of Section 14, Township 24 North, Range 2 West.

Applicant further seeks an order requiring El Paso Natural Gas Company to take ratably the casinghead gas produced from the aforementioned wells and any such other relief as may be appropriate.

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Docket No. 9-87

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1987  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for April, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for April, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.