

Dockets Nos. 37-87 and 1-88 are tentatively set for December 16, 1987 and January 6, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 2, 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 9179: (Continued from November 18, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);

Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);

Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and

Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.3 to 3 miles south of Buckeye, New Mexico.

CASE 8685: (Reopened)

In the matter of Case No. 8685 being reopened pursuant to the provisions of Division Order No. R-8090, which order created and promulgated temporary special rules and regulations for the South Bisti-Gallup Oil Pool in San Juan 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 Statewide 40-acre spacing units.

CASE 9251: (Reopened)

Application of Dugan Production Corporation 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 21, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 11.5 miles north of Lindrith, New Mexico.

CASE 9252: (Continued from November 4, 1987, Examiner Hearing)

Application of Dugan Production Corporation 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 28, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 10 miles north of Lindrith, New Mexico.

CASE 9238: (Continued from November 18, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Sanmal-Queen and the Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Hoover "ADR" State Well No. 6 located 330 feet from the South line and 990 feet from the West line (Unit M) of Section 1, Township 17 South, Range 33 East. Said well is located approximately 8 miles south of Maljamar, New Mexico.

CASE 9239: (Continued from November 18, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Undesignated Sammal-Queen and Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Billy "AES" State Well No. 2 located 530 feet from the North line and 1750 feet from the West line (Unit C) of Section 12, Township 17 South, Range 33 East. Said well is located approximately 8 miles east of Maljamar, New Mexico.

CASE 9269: Application of Mewbourne Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Blinebry Oil and Gas, Undesignated Warren-Tubb Gas, East Warren-Drinkard, and DK-Abo Pools in the wellbore of its Gulf-State Well No. 1-E, located 1980 feet from the North line and 330 feet from the West line (Unit E) of Section 36, Township 20 South, Range 38 East. Said well is located approximately 1.25 miles east of N.M. Milepost 39 on N.M. Highway No. 18.CASE 9270: Application of H. L. Brown, Jr. for pool creation, special pool rules, and an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Siluro-Devonian production comprising the NW/4 of Section 27 and the NE/4 of Section 28, Township 7 South, Range 37 East, and the promulgation of temporary special rules and regulations therefor including a provision for 80-acre spacing and proration units and designated well location requirements. Applicant further seeks approval of an unorthodox oil well location for the proposed special pool rules for its Federal "27" Com Well No. 1 located 1650 feet from the North line and 660 feet from the West line (Unit E) of said Section 27, either the W/2 NW/4 or S/2 NW/4 to be dedicated to the well. Said well is located approximately 3 miles north of the Perkins Memorial Cemetery.CASE 9271: Application of Sun Exploration and Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below a depth of 8800 feet underlying the S/2 of Section 15, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent being developed on 320-acre spacing to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 10 miles southeast of Artesia, New Mexico.CASE 9254: (Continued from November 18, 1987, Examiner Hearing)

Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 13, Township 22 South, Range 32 East, to test the Wolfcamp, Strawn, Atoka, and Morrow formations, the N/2 of said Section 13 to be dedicated to the well. Said well is located approximately 19 miles south-southeast from the junction of U.S. 62/180 and N.M. 176.

CASE 9255: (Continued from November 18, 1987, Examiner Hearing)

Application of Randall L. Capps 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 NW/4 SW/4 (Unit L) of Section 18, Township 12 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to the Gary Bennett Pearl Western Well No. 1-Y located at a standard oil well location 1980 feet from the South line and 610 feet from the West line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 1.5 miles north of N. M. Milepost 238 on U.S. Highway 380.

CASE 9256: (Continued from November 18, 1987, Examiner Hearing)

Application of Petroleum Corporation of New Mexico for non-standard oil proration units and two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Irregular Section 36, Township 26 South, Range 30 East, each to be dedicated to wells to be drilled at unorthodox locations. The first unit comprises 40 acres, being all of Lot 4 (25.14 acres) and the western 3/5 of Lot 3 (14.86 acres) with a well to be located 489 feet from the South line and 1320 feet from the West line of the section. The second unit comprises 34.86 acres, being all of Lot 2 (24.76 acres) and the eastern 2/5 of Lot 3 (10.10 acres) with a well located 484 feet from the South line and 2454 feet from the West line of the section. All measurements and acreages are based on an independent survey taken in August, 1987. This area is on the New Mexico/Texas stateline between N.M. Mile Marker Nos. 45 and 46.

CASE 9272: Application of Mitchell Energy Corporation for compulsory pooling, non-standard proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, and in the following described manner:

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

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

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

All of the above described units are to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

CASE 9240: (Continued from November 18, 1987, Examiner Hearing)

Application of Jerome P. McHugh for compulsory pooling or, in the alternative, an unorthodox oil well location and a non-standard oil proration unit, 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 35, Township 24 North, Range 1 West, forming a standard 640-acre oil spacing and proration unit in said pool to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. In the alternative, applicant seeks approval of a 320-acre non-standard oil spacing and proration unit in said pool consisting of the E/2 of said Section 35 to be dedicated to a well to be drilled at an unorthodox oil well location 890 feet from the North line and 840 feet from the East line (Unit A) of said Section 35. Said location is approximately 7 miles east-southeast of Lindrith, New Mexico.

CASE 9235: (Reopened)

Application of Conoco Inc. for an exception to Division Order No. R-3221, as amended, Lea 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 from its Buffalo Federal Lease into an unlined pit located in the NW/4 SW/4 of Section 18, Township 18 South, Range 32 East. Said area is located on the Lea County side of the Lea/Eddy County line approximately 3.75 miles south of Mile Post No. 4 located on New Mexico Highway 529.

CASE 9259: (Continued from November 18, 1987, Examiner Hearing)

Application of Amoco Production Company to rescind Rule 7 of Division Order No. R-8188-A, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to rescind Rule 7 of the Special Pool Rules for the Northeast Ojito Gallup-Dakota Oil Pool, as promulgated by Division Order No. R-8188-A, removing the restriction to 40-acre depth bracket allowables on wells located in portions of Sections 35 and 36, Township 26 North, Range 3 West. Said area is located in the Jicarilla Apache Indian Reservation approximately four miles east of the Southern Union Gas Company Ojito Camp.

CASE 9273: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Lea, Chaves, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Kemnitz-San Andres Pool. The discovery well is the W & W Oil Company of Texas New Mexico 17 Well No. 1 located in Unit E of Section 17, Township 16 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 17: NW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Yates production and designated as the Nadine-Yates Gas Pool. The discovery well is the Dewey G. Sparger Toni Well No. 1 located in Unit H of Section 22, Township 19 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 22: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Atoka production and designated as the Southwest Vacuum-Atoka Pool. The discovery well is the Texaco Producing Inc. New Mexico Z State TN Com Well No. 1 located in Unit C of Section 2, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 2: NW/4

(d) CONTRACT the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, by the deletion of the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 35: SE/4 NW/4

(e) CONTRACT the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, by the deletion of the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 25: W/2 SE/4

(f) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 8: SW/4

(g) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 17: W/2
Section 20: N/2

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: S/2
Section 17: SE/4
Section 20: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 28: SW/4

(j) EXTEND the Fairview Mills-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 10: N/2
Section 11: W/2

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

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 23: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 17: NE/4

(m) EXTEND the Little Lucky Lake-Pennsylvanian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 28: W/2
Section 29: S/2

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

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 1: SE/4

- (o) EXTEND the West Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 30: SE/4

- (p) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 25: W/2 SE/4
Section 34: NE/4 SW/4 and SE/4

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 10: NE/4
Section 15: NE/4

- (r) EXTEND the West Tonto-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: S/2

- (s) EXTEND the West Tonto Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 13: SW/4

- (t) EXTEND the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 26: SE/4
Section 35: SE/4 NW/4

- (u) EXTEND the Vada-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
Section 25: SE/4

CASE 9274: 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 Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Cotton Draw-Atoka Gas Pool. The discovery well is the Bettis, Boyle and Stovall Sotol Federal Well No. 1 located in Unit F of Section 12, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 12: N/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Forehand Ranch-Wolfcamp Gas Pool. The discovery well is the Harvey E. Yates Company Amoco 22 State Well No. 1 located in Unit E of Section 22, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 22: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Hackberry-Delaware Pool. The discovery well is the Frank Boyce B. B. State Well No. 1 located in Unit O of Section 16, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: SE/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Loving-Delaware Pool. The discovery well is the Reading and Bates Petroleum Company Brantley Com Well No. 1 located in Unit N of Section 23, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 23: SW/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Lusk-Bone Spring Pool. The discovery well is the Damson Oil Corporation Dozier Federal Com Well No. 1 located in Unit K of Section 14, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 14: SW/4

(f) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production and designated as the Sardine Lake-Devonian Pool. The discovery well is the Cibola Energy Corporation Aciete Negra Well No. 4 located in Unit P of Section 12, Township 9 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 12: SE/4

(g) EXTEND the Benson-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 11: SW/4

(h) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 12: NW/4

(i) EXTEND the South Carlsbad-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 13: SE/4
Section 24: N/2 NE/4 and SE/4 NE/4

(j) EXTEND the Diamond Mound Atoka-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 30: S/2

(k) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 32: W/2

(l) EXTEND the North For Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 5: W/2
Section 6: E/2

(m) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 22 EAST, NMPM
Section 30: W/2
Section 31: All
Section 33: SW/4

TOWNSHIP 8 SOUTH, RANGE 23 EAST, NMPM
Section 10: S/2
Section 15: NW/4

(n) EXTEND the Saladar-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 30: W/2

- (o) EXTEND the Southwest Sulphate Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 14: NW/4 NE/4, S/2 NE/4, and
SE/4

- (p) EXTEND the Tamano-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 11: E/2
Section 12: SW/4