

Dockets Nos. 23-89 and 24-89 are tentatively set for August 9 and August 23, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 26, 1989

**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, or Victor T. Lyon, Alternate Examiners:

CASE 9689: (Continued from July 12, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Four Lakes State Unit Area comprising 12,178.27 acres, more or less, of State lands in portions of Townships 11 and 12 South, Ranges 34 and 35 East. Said unit area is located approximately 10 miles northwest of Tatum, New Mexico.

CASE 9698: (Continued from July 12, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Dragonfly State Unit Well No. 2 located 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 31, Township 9 South, Range 27 East, Undesignated Poor Ranch-PrePermian Gas Pool. Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 31 to be dedicated to said well forming a standard 319.16-acre gas spacing and proration unit for said pool. Said well is approximately 4.5 miles north of Mile Post 172.5 on U. S. Highway 380.

CASE 9700: (Continued from July 12, 1989, Examiner Hearing.)

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 from the surface to the base of the Morrow formation underlying Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 20 South, Range 24 East, forming a standard 319.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, Undesignated Dagger Draw-Atoka Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, Undesignated Cemetery-Morrow Gas Pool, and the Undesignated Hoag Tank-Morrow Gas Pool) and Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 2 to form a standard 159.64-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and the Undesignated North Dagger Draw-Upper Pennsylvanian Pool). Both aforementioned units are to be dedicated to a well to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of 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 well location is approximately 8 miles west by north of Seven Rivers, New Mexico.

CASE 9175: (Reopened)

In the matter of Case 9175 being reopened pursuant to the provisions of Division Order No. R-8476, which promulgated temporary special rules and regulations for the North Hume-Wolfcamp Pool, Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the temporary special pool rules for the North Hume-Wolfcamp Pool should not be developed on 40-acre spacing units.

CASE 9354: (Reopened)

In the matter of Case 9354 being reopened pursuant to the provisions of Division Order Nos. R-8476 and R-8476-A, which promulgated temporary special rules and regulations for the North Hume-Wolfcamp Pool, Lea County, New Mexico, including a provision for 160-acre spacing units. Operators in the subject pool may appear and show cause why the North Hume-Wolfcamp Pool should not be developed on less than 160-acre spacing.

CASE 9663: (Continued from July 12, 1989, Examiner Hearing.)

Application of The Petroleum Corporation of Delaware for downhole commingling, the amendment of Division Order No. R-7269, and the amendment of Division Administrative Order NSP-1290, Eddy County, New Mexico. Applicant, in the above-styled cause, and as operator of the Superior Federal Well No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 6, Township 20 South, Range 29 East, seeks to downhole commingle production from the Undesignated East Burton Flat-Atoka Gas Pool and the East Burton Flat-Morrow Gas Pool. Applicant also seeks to permit such commingled production to be produced through tubing and the production of gas from the East Burton Flat-Strawn Gas Pool through the casing-tubing annulus of said well and that Division Order No. R-7269 be amended accordingly. Applicant further seeks to amend Division Administrative Order No. NSP-1290, dated April 28, 1982; which authorized a 299.84-acre, more or less, gas spacing and proration unit for the East Burton Flat-Strawn

authorized a 299-84-acre, more or less, gas spacing and proration unit for the East Burton Flat-Strawn Gas Pool comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 of said Section 6 for said well; to include both the Undesignated East Burton Flat-Atoka Gas Pool and the East Burton Flat-Morrow Gas Pool. Applicant also requests that any such order issued in this case be made effective retroactively to May 1987. Said well is located approximately 7.5 miles northwest of the junction of New Mexico Highway No. 31 North and U.S. Highway 62/180.

CASE 9702: Application of Santa Fe Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 36, Township 17 South, Range 26 East, to test the Morrow formation, the S/2 of said Section 36 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the Undesignated Atoka-Pennsylvanian Gas Pool, Undesignated Red Lake-Pennsylvanian Gas Pool, or Undesignated Kennedy Farms-Morrow Gas Pool. Said well is approximately 6.25 miles southeast of Artesia, New Mexico.

CASE 9692: (Continued from July 12, 1989, Examiner Hearing.)

Application of Bettis, Boyle & Stovall for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 15, Township 24 South, Range 31 East, to test the Devonian formation, the W/2 of said Section 15 to be dedicated to said well. Said well is approximately 2.7 miles west-southwest of the Lea and Eddy County line on New Mexico State Highway 128.

CASE 9703: Application of Meridian Oil, Inc. for exemption from the New Mexico Natural Gas Pricing Act (NMPA), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools as provided in Section 62-7-5 NMSA, 1978. A list of wells for which exemptions are being sought may be obtained by contacting the Santa Fe office of the Oil Conservation Division.

CASE 9704: Application of Union Oil Company of California for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1800 feet from the South line and 2060 feet from the West line (Unit K) of Section 20, Township 19 South, Range 33 East, for any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation which includes but is not necessarily limited to the Undesignated Buffalo-Pennsylvanian Gas Pool and the Gem-Morrow Gas Pool, the W/2 of said Section 20 to be dedicated to said well. Said well location is approximately 5.25 miles north of Mile Post No. 70.5 on U.S. Highway 62/180.

CASE 9705: Application of Union Oil Company of California for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 460 feet from the North line and 1980 feet from the East line (Unit B) of Section 29, Township 19 South, Range 33 East, to test the Morrow formation, the N/2 of said Section 29 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated Gem-Morrow Gas Pool. Said well location is approximately 4.5 miles north of Mile Post No. 72 on U.S. Highway 62/180.

CASE 9706: Application of Bahlburg Exploration for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, Undesignated King-Devonian Pool, the SW/4 SW/4 of said Section 25 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said well location is approximately 11.5 miles southeast by east of Tatum, New Mexico.

CASE 9707: Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Heizer Well No. 100 to be drilled 1430 feet from the North line and 2250 feet from the East line (Unit G) of Section 15, Township 32 North, Range 10 West, Basin-Fruitland Coal (Gas) Pool, Lots 1, 2, 3, and 4 and the W/2 E/2 (E/2 equivalent) of said Section 15 to be dedicated to said well forming a standard 311.43-acre gas spacing and proration unit for said pool. Said location is approximately 1 mile south of the Colorado/New Mexico Stateline on U.S. Highway 550.

CASE 9708: Application of Phillips Petroleum Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Yates formation in the perforated interval from approximately 3,509 feet to 3,629 feet in its Cruces Well No. 3 located 330 feet from the South line and 1655 feet from the West line (Unit N) of Section 26, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool. Said well is located approximately 4.5 miles south of Mile Post No. 77 on U.S. Highway 62/180.

CASE 9709: Application of Pacific Enterprises Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 1 thru 5, the SE/4 NW/4, and the S/2 NE/4 (N/2 equivalent) of Section 6, Township 20 South, Range 34 East, forming a 322.03-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian Gas Pool). Applicant also seeks an order pooling all mineral interests

CASE 9709: (Continued from July 26, 1989, Examiner Hearing.)

Application of Pacific Enterprises Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 1 thru 5, the SE/4 NW/4, and the S/2 NE/4 (N/2 equivalent) of Section 6, Township 20 South, Range 34 East, forming a 322.03-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian Gas Pool). Applicant also seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying Lots 3, 4, and 5, and the SE/4 NW/4 (NW/4 equivalent) of said Section 6, forming a 162.03-acre gas spacing and proration unit for any all formations and/or pools developed on 160-acre spacing. Both units are to be dedicated to a single well to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 6. 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 well location is approximately 1/2 mile north of Mile Post No. 76 on U.S. Highway 62/180.

CASE 9719: (This Case will be dismissed.)

Application of Mallon Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Brushy Draw-Delaware Pool through the perforated interval from approximately 5593 feet to 5636 feet in its Amoco Federal Well No. 1 located 1665 feet from the South line and 330 feet from the East line (Unit I) of Section 27, Township 26 South, Range 29 East, which is located approximately 3/4 of a mile north of Mile Corner No. 53 located on the Texas/New Mexico Stateline.

CASE 9720: Application of Steve Sell for directional drilling, an unorthodox gas well location, non-standard gas proration unit, and to amend Order No. R-8928, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8928 (which authorized the applicant to directionally drill its Shafer Federal Com. Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, to a bottomhole unorthodox gas well location in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and Undesignated Indian Basin-Morrow Gas Pool being no closer than 1600 feet from the South line and 800 feet from the West line of Section 35, all of Section 35 to be dedicated to the well forming a 654.47-acre gas proration unit for both pools) by allowing the Shafer Federal Com Well No. 1 to be plugged back to the vertical portion of the wellbore, kicking-off in an east-southeasterly direction, and directionally drilling to a new unorthodox bottomhole location to a depth sufficient to test the Morrow formation within 200 feet of a point 900 feet from the South line and 2500 feet from the East line (Unit O) of said Section 35. Applicant further requests that this well be properly classified as a wildcat well in the Pennsylvanian formations and subject to the Statewide General Rules for such a test. The subject well is to be dedicated to Lots 1 through 6 and the W/2 SW/4 of said Section 35 forming a non-standard 334.47-acre gas spacing and proration unit. This well is located approximately 14 miles west of Carlsbad, New Mexico.

CASE 9721: Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blanco-Mesaverde Pool and Basin-Dakota Pool within the wellbore of its Jicarilla Apache Well No. 13E located 1850 feet from the North line and 930 feet from the West line (Unit E) of Section 33, Township 26 North, Range 5 West. Said well is located approximately 11 miles west of the Southern Union Gas Company Ojito Camp.

CASE 9722: Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blanco-Mesaverde Pool and Basin-Dakota Pool within the wellbore of its Jicarilla Apache Well No. 14E located 1850 feet from the North line and 1685 feet from the West line (Unit F) of Section 34, Township 26 North, Range 5 West. Said well is located approximately 9.5 miles west of the Southern Union Gas Company Ojito Camp.

CASE 9723: Application of Beach Exploration, Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Exxon "A" Federal Well No. 3 to be drilled 2410 feet from the North line and 1932 feet from the West line (Unit F) of Section 18, Township 16 South, Range 29 East, Undesignated High Lonesome-Queen Pool, the SE/4 NW/4 of said Section 18 to be dedicated to said well. The proposed well site is located approximately 10.5 miles northwest of Loco Hills, New Mexico.

CASE 8668: (Reopened) (Continued from July 26, 1989, Examiner Hearing.)

In the matter of Case No. 8668 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8031, issued in said Case No. 8668 and dated September 27, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 SE/4 (Unit P) of Section 23, Township 25 South, Range 37 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. Said well is located approximately 4 miles east of Jal, New Mexico.

CASE 8769: (Reopened) (Continued from July 26, 1989, Examiner Hearing.)

In the matter of Case No. 8769 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8091, issued in said Case No. 8769 and dated December 6, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 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. Said well is located approximately 4 miles east of Jal, New Mexico.

CASE 9707: (Continued from July 26, 1989, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Heizer Well No. 100 to be drilled 1430 feet from the North line and 2250 feet from the East line (Unit G) of Section 15, Township 32 North, Range 10 West, Basin-Fruit Coal (Gas) Pool, Lots 1, 2, 3, and 4 and the W/2 E/2 (E/2 equivalent) of said Section 15 to be dedicated to said well forming a standard 311.43-acre gas spacing and proration unit for said pool. Said location is approximately 1 mile south of the Colorado/New Mexico Stateline on U.S. Highway 550.

Docket 24-89

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 17, 1989

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 9611: (De Novo) (Continued from July 20, 1989, Commission Hearing.)

Application of The Petroleum Corporation of Delaware for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 1, Township 20 South, Range 29 East, Undesignated East Burton Flat-Morrow Gas Pool, the S/2 of said Section 1 to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 3.5 miles west of the Eddy Potash Inc. Mine and Refinery. Upon application of The Petroleum Corporation of Delaware, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9617: (De Novo) (Continued from July 20, 1989, Commission Hearing.)

Application of Curry and Thornton for an unorthodox oil well location and a non-standard proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1980 feet from the South line and 2475 feet from the West line (Unit K) of Section 9, Township 14 South, Range 29 East, Undesignated North King Camp-Devonian Pool, the E/2 W/2 of said Section 9 to be dedicated to a well forming a non-standard 160-acre oil spacing and proration unit for said pool. Said location is approximately 17 miles east of Hagerman, New Mexico. Upon application of Santa Fe Exploration Company and Curry and Thornton, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9670: (De Novo)

Application of Stevens Operating Corporation to amend Division Order No. R-8917, directional drilling and an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8917 to allow for re-entry of the currently plugged and abandoned Philtex Honolulu Federal Well No. 1 located 1980 feet from the South and West lines (Unit K) of Section 9, Township 14 South, Range 29 East, NMPN, North King Camp-Devonian Pool, in lieu of drilling a new well at the unorthodox location approved by said order. Applicant further seeks approval to directionally drill said Philtex Honolulu Federal Well No. 1 to a depth of approximately 9894 feet, and to bottom said well at an unorthodox bottomhole location 500 feet west of a point 1980 feet from the South line and 2475 feet from the West line of said Section 9. A 160-acre non-standard proration unit consisting of the E/2 W/2 of said Section 9 (Approved By Order No. R-8917) is to be dedicated to the above described well. Said location is approximately 17 miles east of Hagerman, New Mexico. Upon application of Santa Fe Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9697: (Continued from July 12, 1989, Examiner Hearing.)

Application of Santa Fe Exploration Company for amendment of the special rules and regulations for the North King Camp-Devonian Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to amend Rule 6 of the Special Rules and Regulations for the North King Camp-Devonian Pool as promulgated by Division Order No. R-8806 by establishing a special depth bracket allowable of 350 barrels of oil per day for the pool (pursuant to General Rule 505[d]). Said pool presently comprises the SE/4 of Section 9, Township 14 South, Range 29 East and is located approximately 17 miles east of Hagerman, New Mexico.