

Dockets Nos. 18-90 and 19-90 are tentatively set for June 27, 1990 and July 11, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 13, 1990

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 July, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(Continued from May 30, 1990, Examiner Hearing.)

Application of Exxon Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Laguna Salado South Unit Agreement for an area comprising 7040 acres, more or less, of State, Federal and Fee lands in all or portions of Sections 10, 15, 16, 21, 22, 23, 26, 27, 28, 33, 34 and 35, Township 23 South, Range 29 East. This area is located approximately 7 miles east of Loving, New Mexico.

CASE 9957: Application of C. W. Trainer 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 Undesignated Gladiola-Devonian Pool underlying the NW/4 SE/4 of Section 31, Township 11 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to the plugged and abandoned Ralph Lowe Wallace Well No. 2 to be re-entered and recompleted at a standard oil well location 1650 feet from the South and East lines (Unit J) on said Section 31. Also to be considered will be the cost of re-entering and recompleting 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 the re-entering and recompletion of said well. Said unit is located approximately 5.25 miles northeast by north of Gladiola, New Mexico.

CASE 9958: Application of BWA Oil & Gas for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Pitchfork Ranch-Atoka Gas Pool and the Undesignated Pitchfork Ranch-Morrow Gas Pool underlying the E/2 of Section 34, Township 24 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for both pools, to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 34. 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 unit is located approximately 3 miles west-southwest of the Junction of Old State Highway No. 128 and County Road No. 2.

CASE 9924: (Continued from May 30, 1990, Examiner Hearing.)

Application of Strata Production Company to amend Division Order No. R-9097, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9097, which authorized a horizontal directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, being a standard 160-acre gas spacing and proration unit in the Bone Spring formation by expanding the prescribed area limiting the horizontal displacement of the proposed wellbore such that any portion thereof can be no closer than 330 feet from the North line, nor closer than 660 feet from the East and West lines, nor closer than 460 feet from the South line of said 160-acre tract. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.

CASE 9939: (Continued from May 30, 1990, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling and a non-standard gas proration unit, 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 4 through 7 and the NW/4 (W/2 equivalent) of Irregular Section 12, Township 22 South, Range 25 East, forming a non-standard 332.74-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 Catclaw Draw-Wolfcamp Gas Pool, Undesignated McKittrick Canyon-Upper Pennsylvanian Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Morrow Gas Pool and/or the Revelation-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 12. 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 unit is located approximately 7 miles west by south of Carlsbad, New Mexico.

CASE 9959: Application of Bird Creek Resources, Inc. 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 Delaware formation underlying the SE/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool. Said unit is 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 unit is located approximately 2 miles east-northeast of Loving, New Mexico.

CASE 9960: Application of Bird Creek Resources, Inc. 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 Delaware formation underlying the NW/4 NE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool, Undesignated East Loving-Delaware Pool and Undesignated South Loving-Delaware Pool. Said unit is 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 unit is located approximately 2 miles east-northeast of Loving, New Mexico.

CASE 9961: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 18, Township 17 South, Range 27 East, forming a standard 320-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 Logan Draw-Cisco Canyon Gas Pool, Undesignated Riverside-Atoka Gas Pool, and Undesignated Logan Draw-Morrow Gas Pool. Said unit is to be dedicated to a single 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 unit is located approximately 1 mile east of Riverside, New Mexico.

CASE 9962: Application of Stevens & Tull, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks blanket approval for the downhole commingling of Abo, Drinkard, Tubb and Blinebry production in the wellbore of all existing wells and all wells subsequently drilled on its Carter "23" Prospect acreage, which includes the N/2 SE/4 of Section 25, Township 20 South, Range 38 East. Said area is located approximately 4.75 miles south by east of Nadine, New Mexico.

CASE 9963: Application of Stevens & Tull, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks blanket approval for the downhole commingling of Abo, Drinkard, Tubb and Blinebry production in the wellbore of all existing wells and all wells subsequently drilled on its DK Lease, which includes the E/2 of Section 25, Township 20 South, Range 38 East. Said area is located approximately 6 miles south by east of Nadine, New Mexico.

CASE 9931: (Readvertised)

Application of Arco Oil & Gas Company for pressure maintenance expansion and an unorthodox gas injection well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Empire-Abo Unit Pressure Maintenance Project, authorized by Division Order No. R-4549, as amended, by converting its Empire Abo Unit "J" Well No. 10, located 2310 feet from the North and West lines (Unit F) of Section 3 and Empire Abo Unit "J" Well No. 13, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 2, both in Township 18 South, Range 27 East, Empire-Abo Pool, Empire Abo Unit Area, from producing oil wells to gas injection wells. Applicant further seeks an exception to Rule 7A of the Special Rules and Regulations for the Empire-Abo Unit Pressure Maintenance Project, as promulgated by said Order No. R-4549, as amended, for the "J" Well No. 13 which is located at an unorthodox gas injection well location. Both wells are located in an area approximately 4.25 miles south-southeast of Riverside, New Mexico.

CASE 9930: (Continued from May 16, 1990, Examiner Hearing.)

Application of Union Oil Company of California to amend Division Order No. R-6375, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6375, as amended, which authorized downhole commingling of Basin-Dakota and Largo-Gallup production within the Rincon Unit Well No. 164 located 1840 feet from the South line and 1090 feet from the West line (Unit L) of Section 2, Township 26 North, Range 7 West, by reviewing and re-establishing, if necessary, the allocation of production that was set forth by the provisions of said order. The subject well is located approximately 2 miles north-northeast of the El Paso Natural Gas Company Largo Station.

CASE 9964: Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Lusk "AHB" Federal Well No. 1 located 800 feet from the North line and 1650 feet from the East line (Unit B) of Section 35, Township 19 South, Range 32 East, for either the Undesignated Gem-Morrow Gas Pool or the Undesignated East Lusk-Morrow Gas Pool, the N/2 of said Section 35 to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for either pool. Said unit is located approximately 4.5 miles north of the old site of the "Halfway Bar".

CASE 9953: (Continued from May 30, 1990, Examiner Hearing.)

Application of Oryx Energy 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 Morrow formation underlying the following described acreage in Section 24, Township 17 South, Range 35 East, and in the following described manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated South Shoe Bar-Atoka Gas Pool); the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; and the SE/4 NW/4 to form standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing (which presently includes but is not necessarily limited to the Undesignated Vacuum-Abo Reef Pool, the Vacuum Grayburg-San Andres Pool, and the Undesignated Vacuum-Glorieta Pool). Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 NW/4 (Unit F) of said Section 24. 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. This area is located approximately 5.5 miles east by north of Buckeye, New Mexico.

CASE 9965: Application of Phillips Petroleum Company for a carbon dioxide injection project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot carbon dioxide injection project on portions of its Leamex, Devon State and Philmex Leases underlying the E/2 SE/4 of Section 21, the SW/4 and W/2 SE/4 of Section 22, the NW/4 NE/4 and N/2 NW/4 of Section 27, and the NE/4 NE/4 of Section 28, all in Township 17 South, Range 33 East, by the injection of CO<sub>2</sub> into the Leamex-Paddock Pool through the perforated interval from approximately 6031 feet to 6063 feet in its Leamex Well No. 26 located 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 22. This area is located approximately 6.75 miles east southeast of Maljamar, New Mexico.

CASE 9966: Application of Mitchell Energy 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 Delaware formation or 6700 feet, whichever is deeper, underlying the following described acreage in Section 17, Township 18 South, Range 35 East, and in the following described manner: the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated West Reeves-Queen Gas Pool) and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Vacuum Grayburg-San Andres Pool and Undesignated Reeves-Queen Pool). Said units are to be dedicated to a single well to be drilled at a standard located in Unit 1 of said Section 17. 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 will be located approximately 4.5 miles south-southeast of Buckeye, New Mexico.

CASE 9918: (Continued from May 16, 1990, Examiner Hearing.)

Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of Section 2, Township 29 North, Range 9 West, forming a standard 320.60-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 2. 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 unit is located approximately 1.5 miles east of Turley, New Mexico.

CASE 9919: (Continued from May 16, 1990, Examiner Hearing.)

Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 equivalent) of Section 33, Township 30 North, Range 10 West, forming a standard 317.04-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4.5 miles east of Blanco, New Mexico.

CASE 9955: (Continued from May 30, 1990, Examiner Hearing.)

Application of Sunco Trucking Water Disposal for a permit to construct and operate a commercial wastewater evaporation pond, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization, pursuant to Division General Rule 711, to construct a synthetically double lined wastewater evaporation pool equipped with proper leak detection for the purpose of commercially disposing of nonhazardous wastewater associated with the completion and production operations of oil and gas wells. Said pond is to be located in the SW/4 NW/4 (Unit E) of Section 2, Township 29 North, Range 12 West, which is approximately 2.75 miles south by each of Flora Vista, New Mexico.

CASE 9967: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting and extending certain existing pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

- (a) CONTRACT the Lybrook-Gallup Oil Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico, by the deletion of the following described acreage:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM  
Section 7: N/2 SE/4

- (b) EXTEND the Aztec-Fruitland Sand Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM  
Section 27: W/2  
Section 28: SE/4

- (c) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM  
Section 6: W/2 NW/4

TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM  
Section 1: E/2 NE/4

- (d) EXTEND the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:  
TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM  
Section 8: W/2  
Section 17: W/2  
Section 18: E/2
- (e) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, to include therein:  
TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 17: SW/4  
Section 18: E/2  
Section 19: NE/4  
Section 20: N/2
- (f) EXTEND the Counselors Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:  
TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM  
Section 16: W/2 and SE/4  
Section 17: NE/4
- (g) EXTEND the Escrito-Gallup Associated Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:  
TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM  
Section 30: W/2 NE/4
- (h) EXTEND the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:  
TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM  
Section 15: W/2
- (i) EXTEND the Hogback-Dakota Oil Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 29 NORTH, RANGE 16 WEST, NMPM  
Section 7: NE/4 SW/4
- (j) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, to include therein:  
TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM  
Section 32: NW/4 NE/4  
  
TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM  
Section 8: S/2 SE/4  
Section 17: NE/4 NE/4
- (k) EXTEND the West Puerto Chiquito-Mancos Oil Pool in Rio Arriba County, New Mexico, to include therein:  
TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM  
Section 3: All

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 21, 1990

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

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CASE 8139: (De Novo) (Continued from December 12, 1984, Commission Hearing.) (This case will be dismissed.)

Application of BBC, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open-hole interval from 2,800 feet to 3,750 feet in its SWD Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 18, Township 20 South, Range 28 East. Upon request of Robert N. Enfield and Penroc Oil Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9854: (De Novo) (Continued from May 24, 1990, Commission Hearing.)

Application of Stevens Operating Corporation for pool creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Fusselman formation comprising the S/2 of Section 21 and the N/2 of Section 28, Township 10 South, Range 27 East, and for the promulgation of special rules and regulations therefor including provisions for 320-acre oil spacing and proration units, designated well location requirements, a special gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil, and a special 320-acre oil allowable of 650 barrels per day. Said area is located at Mile Post No. 174 on U.S. Highway 380. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9883: (De Novo) (Continued from May 24, 1990, Commission Hearing.)

Application of BTA Oil Producers 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 Pardue "C" 8808 JV-P Well No. 1 to be drilled 176 feet from the South line and 1550 feet from the West line (Unit N) of Section 11, Township 23 South, Range 28 East, to test the Undesignated East Loving-Delaware Pool, the SE/4 SW/4 of said Section 11 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1/4 miles southwest of the Harroun Dam. Upon application of Bird Creek Resources, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 15-90 and 16-90 are tentatively set for May 30, 1990 and June 13, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 16, 1990

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 June, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for June, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9937: Application of Exxon Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Laguna Salado South Unit Agreement for an area comprising 7040 acres, more or less, of State, Federal and Fee lands in all or portions of Sections 10, 15, 16, 21, 22, 23, 26, 27, 28, 33, 34 and 35, Township 23 South, Range 29 East. This area is located approximately 7 miles east of Loving, New Mexico.

CASE 9924: (Continued from May 2, 1990, Examiner Hearing.)

Application of Strata Production Company to amend Division Order No. R-9097, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9097, which authorized a horizontal directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, being a standard 160-acre gas spacing and proration unit in the Bone Spring formation by expanding the prescribed area limiting the horizontal displacement of the proposed wellbore such that any portion thereof can be no closer than 330 feet from the North line, nor closer than 660 feet from the East and West lines, nor closer than 460 feet from the South line of said 160-acre tract. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.

CASE 9918: (Continued from May 2, 1990, Examiner Hearing.)

Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of Section 2, Township 29 North, Range 9 West, forming a standard 320.60-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 2. 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 unit is located approximately 1.5 miles east of Turley, New Mexico.

CASE 9919: (Continued from May 2, 1990, Examiner Hearing.)

Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 equivalent) of Section 33, Township 30 North, Range 10 West, forming a standard 317.04-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4.5 miles northwest of Blanco, New Mexico.

CASE 9938: Application of Petroleum Production Management, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NE/4 of Section 14, Township 9 South, Range 34 East, forming a standard 160-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the existing (M&G Oil, Inc.) Mounsey Well No. 1, located at a standard oil well location, 660 feet from the North line and 1980 feet from the East line (Unit B), which is currently temporarily abandoned in said pool. Also to be considered will be the cost of re-entering and/or recompleting 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 re-entering and/or recompleting said well. Said unit is located approximately 5.5 miles west-northwest of Crossroads, New Mexico.

CASE 9927: (Continued from May 2, 1990, Examiner Hearing.)

Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Strawn formation to the base of the Morrow formation underlying the E/2 of Section 32, Township 22 South, Range 27 East, forming a standard 320-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 South Carlsbad-Strawn Gas Pool, Undesignated South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool). Said unit is to be dedicated to the existing Mary L. Knobel Well No. 1, located at a standard gas well location 1980 feet from the South and East lines (Unit J), which is presently temporarily abandoned in the South Carlsbad-Morrow Gas Pool. Also to be considered will be the cost of re-entering and/or recompleting 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 re-entering and/or recompleting said well. Said unit is located approximately 2 miles west of Otis, New Mexico.

CASE 9923: (Continued from May 2, 1990, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L. P. for surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 309-A for the surface commingling of North Young-Bone Spring Pool production into a common tank battery from its Sharp Shooter "2" State Well Nos. 1, 2, and 3 located in Units I, H, and J, respectively, of Section 2, Township 18 South, Range 32 East. Said wells are located in an area approximately 5.5 miles south-southeast of Maljamar, New Mexico.

CASE 9939: Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 4 through 7 and the SE/4 (S/2 equivalent) of Irregular Section 12, Township 22 South, Range 25 East, forming a non-standard 332.74-acre gas spacing and proration unit for either the Undesignated Revelation-Morrow Gas Pool or the Undesignated Happy Valley-Morrow Gas Pool. Said unit is 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 unit is located approximately 7 miles west by south of Carlsbad, New Mexico.

CASE 9931: (Continued from May 2, 1990, Examiner Hearing.)

Application of Arco Oil & Gas Company for pressure maintenance expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Empire-Abo Unit Pressure Maintenance Project, authorized by Division Order No. R-4549, as amended, by converting its Empire Abo Unit "J" Well No. 10, located 2310 feet from the North and West lines (Unit F) of Section 3 and Empire Abo Unit "J" Well No. 13, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 2, both in Township 18 South, Range 27 East, Empire-Abo Pool, Empire Abo Unit Area, from producing oil wells to gas injection wells. Both wells are located in an area approximately 4.25 miles south-southeast of Riverside, New Mexico.

CASE 9940: Application of Osborn Heirs 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 San Andres formation underlying the NW/4 NE/4 (Unit B) of Section 20, Township 17 South, Range 37 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Midway-San Andres Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.75 miles northwest by west of Humble City, New Mexico.

CASE 9941: Application of Osborn Heirs 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 San Andres formation underlying the NE/4 NW/4 (Unit C) of Section 20, Township 17 South, Range 37 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Midway-San Andres Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west-northwest of Humble City, New Mexico.

CASE 9942: Application of Osborn Heirs 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 San Andres formation underlying the NW/4 NW/4 (Unit D) of Section 20, Township 17 South, Range 37 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Midway-San Andres Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west-northwest of Humble City, New Mexico.

CASE 9943: Application of Osborn Heirs 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 San Andres formation underlying the SE/4 NW/4 (Unit F) of Section 20, Township 17 South, Range 37 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Midway-San Andres Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.75 miles west-northwest of Humble City, New Mexico.

CASE 9911: (Continued from May 2, 1990, Examiner Hearing.)

Application of Union Oil Company of California for a highly deviated directional drilling pilot project and unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location 1581 feet from the North line and 1929 feet from the East line (Unit G) of said Section 20 and drilling to a true vertical depth of approximately 2250 feet and then commencing a medium radius curve in a westerly direction to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 2920 feet at which point the wellbore will be drilled to the base of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3100 feet with a terminus at an unorthodox bottomhole location in the NW/4 of Section 20; however, said wellbore will be no closer than 790 feet from the outer boundary of the spacing or proration unit. This unit is located approximately 10 miles south-southwest of Gobernador, New Mexico.

CASE 9930: (Continued from May 2, 1990, Examiner Hearing.)

Application of Union Oil Company of California to amend Division Order No. R-6375, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6375, as amended, which authorized downhole commingling of Basin-Dakota and Largo-Gallup production within the Rincon Unit Well No. 164 located 1840 feet from the South line and 1090 feet from the West line (Unit L) of Section 2, Township 26 North, Range 7 West, by reviewing and re-establishing, if necessary, the allocation of production that was set forth by the provisions of said order. The subject well is located approximately 2 miles north-northeast of the El Paso Natural Gas Company Largo Station.

CASE 9907: (Readvertised) (Continued from May 2, 1990, Examiner Hearing.)

Application of Enron Oil & Gas Company for compulsory pooling and an unorthodox location, 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 Atoka formation underlying the following described acreage in Section 1, Township 24 South, Range 28 East, and in the following described manner: Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) to form a 319.36-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to either the Undesignated South Culebra Bluff-Atoka Gas Pool or Undesignated Malaga-Atoka Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a 159.52-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; Lot 3 and the SE/4 NW/4 (E/2 NW/4 equivalent) to form a 79.80-acre oil spacing and proration unit for the Undesignated South Culebra Bluff-Bone Spring Pool which is developed on 80-acre spacing; and Lot 3 (NE/4 NW/4 equivalent) to form a 39.80-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing (which presently includes but is not necessarily limited to either the Undesignated Malaga-Delaware Pool or Undesignated North Malaga-Delaware Pool). Said units are to be dedicated to a single well to be drilled 660 feet from the North line and 1680 feet from the West line (Unit L) of said Section 1, which is a standard location for zones spaced on 160 or 40 acres, however is unorthodox for zones spaced on 320 or 80 acres. 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 unit is located approximately 1 mile west of Harroun, New Mexico.

CASE 9898: (Continued from May 2, 1990, Examiner Hearing.)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 SW/4 and SE/4 of Section 5 and the NE/4 NE/4 and NE/4 NW/4 of Section 8, all in Township 20 South, Range 37 East, forming a non-standard 280-acre gas spacing and proration unit for said pool. The applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt-Laughlin Com. Well No. 5 (formerly the Oxy USA, Inc. Laughlin "8" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5 and to the existing Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a third well to be drilled at an undetermined location in the SE/4 of said Section 5. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom his costs of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, and an equitable and proper percentage of the value of the existing wellbores of applicant's Britt-Laughlin Com. Well Nos. 1 and 5, and all costs of supervision and operation of such non-standard gas proration unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9854: (Reopened) (Readvertised)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131 which order promulgated temporary special rules and regulations including a provision for 160-acre spacing in the Diablo-Fusselman Pool, Chaves County, New Mexico. Operators in the subject pool may appear and present evidence, testimony and recommendations regarding the proper spacing and most efficient rate of production for the Diablo-Fusselman Pool. The applicant in the original case, Stevens Operating Corporation, also seeks at this time to include within the Special Rules and Regulations for the Diablo-Fusselman Pool provisions for administrative approval of horizontal/high-angle wellbores and to allow the formation of oversized proration units to accommodate such wellbores.



DOCKET: COMMISSION HEARING - THURSDAY - MAY 24, 1990

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

CASE 9944: In the matter of the application of the Oil Conservation Division on its own motion for an order amending Rule 0.1 by amending and adding certain definitions and repealing existing Rules 201, 202, 203, and 204 and adopting new Rules 201, 202, 203, and 204 of the General Rules and Regulations of the Oil Conservation Division. Said changes all pertain to the temporary abandonment, plugging, inactive status and shut-in status of wells.

CASE 9018: (Reopened and Readvertised.)

In the matter of Case 9018 being reopened pursuant to the provisions of Division Order No. R-8170-D, which Order amended Rule 111(b) of Order R-8170-A, in order to take evidence on the following:

1. Whether larger overproduction limit in Northwest New Mexico established by Rule 11(b) as amended by Order R-8170-A is beneficial in preventing waste, and protecting correlative rights, while making the supply of gas available to meet interstate and intrastate demand.
2. The reasons for pools being underproduced when many wells are overproduced and whether or not the amendment has any affect on that issue.
3. Any transition mechanism which should be adopted if the Commission determines that a return to the 6 times overproduced limit is appropriate.

CASE 9854: (De Novo)

Application of Stevens Operating Corporation for pool creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Fusselman formation comprising the S/2 of Section 21 and the N/2 of Section 28, Township 10 South, Range 27 East, and for the promulgation of special rules and regulations therefor including provisions for 320-acre oil spacing and proration units, designated well location requirements, a special gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil, and a special 320-acre oil allowable of 650 barrels per day. Said area is located at Mile Post No. 174 on U.S. Highway 380. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9797: (De Novo)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and a non-standard gas proration unit, 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 through 7 and the NW/4 NE/4 (N/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.37-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within said vertical extent, said unit 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 an operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico. Upon application of Exxon Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9832: (De Novo)

Application of Exxon Company, U.S.A. for compulsory pooling, a non-standard gas proration unit, an unorthodox gas well location, and an exemption to Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral from the top of the Wolfcamp formation to the base of the Morrow Formation, underlying the NW/4 NE/4 and Lots 1, 6, 7, 8, 9, 14, and 15 (E/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.11-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Applicant further seeks to be exempt from the Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools as promulgated by Division Order No. R-3452, as amended. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 600 feet from the North line and 660 feet from the East line (Unit A) of said Section 20. 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 and a charge for risk involved in drilling said well. Applicant also seeks to have Santa Fe Energy Operating Partners, L.P. designated as operator of said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico. Upon application of Exxon Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1200.

CASE 9867: (De Novo)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Brushy Draw-Delaware Pool underlying the NW/4 NE/4 (Unit B) of Section 28, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit for said pool. The above-described unit is to be dedicated to the Amoco Red Bluff Federal Well No. 3 drilling at a previously approved unorthodox oil well location 130 feet from the North line and 1805 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.25 miles north of Mile Corner No. 54 on the Texas/New Mexico Stateline. Upon application of George Mitchell d/b/a G.P. II Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9868: (De Novo)

Application of George Mitchell d/b/a G.P. II Energy, Inc. 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 Cherry Canyon formation underlying the NW/4 NE/4 (Unit B) of Section 28, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which includes but is not limited to the Brushy Draw-Delaware Pool. Said unit is 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. Said unit is located approximately 1.25 miles north of Mile Corner No. 54 on the Texas/New Mexico Stateline. Upon application of George Mitchell d/b/a G.P. II Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9883: (De Novo)

Application of BTA Oil Producers 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 Pardue "C" 8808 JV-P Well No. 1 to be drilled 176 feet from the South line and 1550 feet from the West line (Unit M) of Section 11, Township 23 South, Range 28 East, to test the Undesignated East Loving-Delaware Pool, the SE/4 SW/4 of said Section 11 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1/4 miles southwest of the Harroun Dam. Upon application of Bird Creek Resources, this case will be heard De Novo pursuant to the provisions of Rule 1220.