

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 927-5800

MEMORANDUM

TO: INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division *JHM For WJL*

SUBJECT: NEW OIL AND GAS RULE BOOK AND REVISED FORMS

DATE: MARCH 22, 1990

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The Oil Conservation Division has repromulgated every rule effective March 1, 1991. The new rules are substantively the same as the previous rules, but reformatted in some cases.

A revised oil and gas rule book is now available from the Santa Fe and District offices of the Division. The new rule book will be in a loose leaf notebook and will include pamphlets containing the oil and gas related statutes. Revisions will be mailed periodically in the future to all persons who order the new rule book. There will be a charge of \$30.00 for the rule book. Contact any Division office by mail or telephone to place your order. An invoice will be sent with the book.

Revised Forms: Many Division reporting forms in an updated format are also now available from Division offices without charge.

Dockets Nos. 11-91 and 12-91 are tentatively set for April 18, 1991 and May 2, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 4, 1991**

**8:15 A.M. - SAN JUAN COLLEGE, COMPUTER SCIENCE LECTURE CENTER, ROOM 7103  
FARMINGTON, NEW MEXICO**

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

**CASE 9420:** (Reopened and Readvertised)

In the matter of Case 9420 being reopened pursuant to the provisions of Division Order R-8768, which order created the Basin-Fruitland Coal Gas Pool in San Juan, Rio Arriba, McKinley, and Sandoval Counties and promulgated temporary special rules and regulations therefor. Operators in said pool may appear and present evidence and testimony relative to the determination of permanent rules and regulations for the Basin-Fruitland Coal Gas Pool.

**CASE 10252:** (Continued from February 21, 1991, Examiner Hearing.)

Application of Amerada Hess Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause seeks authority to institute a waterflood project on its proposed North Monument Grayburg/San Andres Unit Area (Division Case No. 10253) located in portions of Townships 19 and 20 South, Ranges 36 and 37 East, by the injection of water into the Eunice Monument Grayburg-San Andres Pool through 108 certain wells to either be recompleted or converted from producing or abandoned wells to water injection wells. Said project area surrounds Monument, New Mexico.

**CASE 10243:** (Continued from February 21, 1991, Examiner Hearing.)

Application of Amerada Hess Corporation for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Eunice Monument-Grayburg-San Andres Pool, underlying 13,385 acres, more or less, of Federal, State and Fee lands comprising portions of Townships 19 and 20 South, Ranges 36 and 37 East. Said unit is to be designated the North Monument Grayburg/San Andres Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area surrounds Monument, New Mexico.

DOCKET 10-91

**DOCKET: COMMISSION HEARING - THURSDAY - APRIL 11, 1991**

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

**(The Land Commissioner's designee for this hearing will be Jami Bailey)**

**CASE 10279:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order repealing Rules 1204 and 1206 of the rules and regulations of the Division and adopting a new Rule 1204. The Division seeks to eliminate the requirement for publishing notice in Santa Fe County and require publication of notice in a newspaper of general circulation in the county(ies) where the property which may be affected is located.



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
505/827-5800

MEMORANDUM

TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF GAS  
FROM ALL PRORATED GAS POOLS IN NEW MEXICO

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: ORDER NO. R-8170-H, AMENDED RULES FOR PRORATED GAS  
POOLS, EFFECTIVE APRIL 1, 1991

DATE: FEBRUARY 4, 1991

As discussed in OCD Memorandum dated January 3, 1991, preliminary allowable estimates are being distributed for use in establishing Apr-Sep, 1991 allowable assignments for the prorated gas pools in New Mexico. The estimates are summarized on attached pages and compared to allowables and sales volumes for Apr-Sep, 1989 and 1990.

The allowable estimates are based on average monthly total pool sales for Apr-Sep, 1990. Adjustments were applied to the pool sales volumes to account for increasing or decreasing 1990 pool sales compared to 1989 sales and in some cases for the overproduced status of the pool.

Total marginal allowable to be assigned to the marginal gas proration units (GPUs) in each pool was estimated based on average Oct-Dec, 1990 marginal sales. Total marginal allowable was then subtracted from total pool allowable and the remaining allowable was assigned to non-marginal GPUs using the pool allocation formula.

The allowable allocation factors (F1 and F2) were reviewed and an additional adjustment to total pool allowable was applied in those pools where an adjustment was required to bring the allocation factors to levels consistent with current and Apr-Sep 1990 factors for non-marginal GPUs. Adjustments were also required in Eumont and Jalmat to assign the minimum allowables authorized by recent OCD orders.

These preliminary estimates will be reviewed when Jan. and Feb. 1991 pool sales become available. Nominations and other data received at the February 28, 1991 hearing will also be considered in arriving at final allowable assignments for the prorated pools.

Producers, purchasers, and transporters are again asked to participate in the allowable determination process by providing any information which will assist in determining market demand and allowables more accurately.

MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
 FOR APRIL THRU SEPTEMBER 1991  
 PRORATED GAS POOLS - SOUTHEAST NEW MEXICO

	ATOKA PENN	BLINEBRY	BUFFALO VALLEY PENN	BURTON FLAT MORROW	CARLSBAD MORROW	CATCLAW DRAW MORROW	EUMONT	INDIAN BASIN MORROW	INDIAN BASIN UPPER PENN	JALMAT	JUSTIS 6L	TUBB
) AVERAGE MONTHLY POOL SALES APRIL - SEPTEMBER 1990. ALL VOL.5 ARE IN MCF	69417	436444	208593	384109	199702	128126	1653258	88975	2885197	884426	36976	242230
) TOTAL NOMINATIONS AVERAGE MONTHLY VOLUMES	10000	20000	55000	52000	4000	753924	15000	40000	302989	12000		
) MONTHLY POOL ALLOWABLE APRIL - SEPTEMBER 1991 (LINE 1 + LINE 3)	79417	436444	228593	439109	251702	132126	2407182	103975	2925197	1187415	48976	242230
) MONTHLY MARGINAL POOL ALLOWABLE FOR APRIL - SEPTEMBER 1991	38610	151649	145288	171259	151805	65995	1346331	66328	2260345	853440	17841	108708
) MONTHLY NON-MARGINAL POOL ALLOWABLE FOR APRIL - SEPTEMBER 1991 (LINE 4 MINUS LINE 5)	40807	284795	83305	267850	99897	66131	1060851	37647	664852	333975	31135	133522
) NUMBER OF NON-MARGINAL ACREAGE FACTORS	3.42	15.75	3.00	7.88	4.97	2.99	57.97	0.72	5.49	18.25	9.00	11.28
) MONTHLY ACREAGE ALLOCATION FACTOR APRIL - SEPTEMBER 1991 F1 (LINE 6 DIVIDED BY LINE 7)	11932	18082	27768	33991	20100	22117	18300	52288	121102	18300	3459	11837

IRTON FLAT STRAWN AND MONUMENT MCKEE ELLEN OMITTED

MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
 FOR APRIL THRU SEPTEMBER 1991  
 PRORATED GAS POOLS - NORTHWEST NEW MEXICO

BASIN	BLANCO	BLANCO	TAPACITO
DAKOTA	MESAVERDE	P.C. SOUTH	

7263265	12379262	1063350	231768
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(1) AVERAGE MONTHLY POOL SALES  
 APRIL - SEPTEMBER 1990.  
 ALL VOL.S ARE IN MCF

(2) TOTAL NOMINATIONS  
 AVERAGE MONTHLY VOLUMES

700000	2000000	175000	10000
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7963265	14379262	1238350	241768
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(4) MONTHLY POOL ALLOWABLE  
 APRIL - SEPTEMBER 1991  
 (LINE 1 + LINE 3)

5208566	7308484	595425	84821
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(5) MONTHLY MARGINAL  
 POOL ALLOWABLE FOR  
 APRIL - SEPTEMBER 1991

2754699	7070778	642925	156974
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(6) MONTHLY NON-MARGINAL  
 POOL ALLOWABLE  
 FOR APRIL - SEPTEMBER 1991  
 (LINE 4 MINUS LINE 5)

454.65	634.36	458.61	103.33
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(7) NUMBER OF NON-MARGINAL  
 ACREAGE FACTORS

219461	442214	28190	10010
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(8) NUMBER OF NON-MARGINAL  
 ACREAGE X DELIVERABILITY  
 FACTORS

3635	2787	350	380
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(9) MONTHLY ACREAGE ALLOCATION  
 FACTOR FOR APRIL-SEPT. 1991, F1

5.02	11.99	17.11	11.76
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(10) MONTHLY ACREAGE X DELIV  
 ALLOCATION FACTOR FOR  
 APRIL - SEPTEMBER 1991, F2

COMPARISON OF MONTHLY AVERAGE  
POOL ALLOWABLES, SALES, F1 AND F2 FACTORS

PERIOD	ATOKA PENN	BLINEBRY	BUFFALO VALLEY PENN	BURTON FLAT MORROW	CARLSBAD MORROW	CATCLAW DRAW MORROW
APRIL-SEPT. 1989						
POOL ALLOWABLE;MCF PER MO	67416	486740	179474	274690	352585	121533
POOL SALES;MCF PER MO	76747	372003	167164	333982	278150	89427
F1	7402	14535	22633	8357	27731	14689
APRIL-SEPT. 1990						
POOL ALLOWABLE;MCF PER MO	81725	470543	239965	397197	214270	141692
POOL SALES;MCF PER MO	69417	436444	203593	384109	199702	128126
F1	10252	19855	26518	18333	13164	20343
APRIL-SEPT. 1991						
POOL ALLOWABLE;MCF PER MO	79417	436444	228593	439109	251702	132126
POOL SALES;MCF PER MO						
F1	11932	18082	27768	33991	20100	22117
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PERIOD	EUMONT	IND. BASIN MORROW	IND. BASIN UPPER PENN	JALMAT	JUSTIS GLORIETA	TUBB
APRIL-SEPT. 1989						
POOL ALLOWABLE;MCF PER MO	1677286	99814	2872114	772338	26264	300263
POOL SALES;MCF PER MO	1467611	108824	2856550	711232	29653	246848
F1	8138	51917	110412	6002	1401	7105
APRIL-SEPT. 1990						
POOL ALLOWABLE;MCF PER MO	1932449	73730	2963967	975625	49616	295693
POOL SALES;MCF PER MO	1653258	88975	2885197	884426	36976	242230
F1	13560	44165	124673	12462	3363	8037
APRIL-SEPT. 1991						
POOL ALLOWABLE;MCF PER MO	2407182	103975	2925197	1187415	48976	242230
POOL SALES;MCF PER MO						
F1	18300	52288	121102	18300	3459	11837
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PERIOD	BASIN DAKOTA	BLANCO MESAVERDE	BLANCO P.C. SOUTH	TAPACITO		
APRIL-SEPT. 1989						
POOL ALLOWABLE;MCF PER MO	7308635	11016205	1289840	277883		
POOL SALES;MCF PER MO	7268892	10689599	1101947	240816		
F1	2378	1596	252	281		
F2	4.64	8.56	11.89	10.67		
APRIL-SEPT. 1990						
POOL ALLOWABLE;MCF PER MO	9455052	15598139	1381233	256709		
POOL SALES;MCF PER MO	7263265	12379262	1063350	231768		
F1	4906	3085	350	296		
F2	7.14	13.94	15.75	9.54		
APRIL-SEPT. 1991						
POOL ALLOWABLE;MCF PER MO	7963265	14379262	1238350	241768		
POOL SALES;MCF PER MO						
F1	3635	2787	350	380		
F2	5.02	11.99	17.11	11.76		

Dockets Nos. 7-91 and 8-91 are tentatively set for March 7, 1991 and March 21, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 21, 1991

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 Jim Morrow or Michael E. Stogner, Alternate Examiners:

CASE 9582: (Reopened)

In the matter of Case 9582 being reopened pursuant to the provisions of Division Order No. R-8872, which order promulgated special rules and regulations for the Hat Mesa-Bone Spring Pool in Lea County, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements. Operators in said pool may appear and show cause why the temporary rules for the Hat Mesa-Bone Spring Pool should not be rescinded.

CASE 10241: Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool to be drilled 560 feet from the South and East lines (Unit P) of Section 9, Township 20 South, Range 24 East, the E/2 of said Section 9 to be dedicated to said well forming a standard oil or gas spacing and proration unit. Said unit is located approximately 10 miles west of Seven Rivers, New Mexico.

CASE 10242: Application of Yates Energy 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 Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 1, Township 18 South, Range 31 East, forming a 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Shugart Pool, Undesignated Maljamar Pool, Undesignated Tamano-San Andres Pool, and Undesignated North Shugart-San Andres 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 7 miles southwest by south of Maljamar, New Mexico.

CASE 10243: Application of Yates Energy 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 Delaware formation underlying the NE/4 SW/4 (Unit K) of Section 1, Township 18 South, Range 31 East, forming a 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Shugart Pool and North Shugart-San Andres 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 7 miles southwest by south of Maljamar, New Mexico.

CASE 10244: Application of Newbourne 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 following described acreage in Section 14, Township 17 South, Range 26 East and in the following manner: the N/2 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 Kennedy Farms-Upper Pennsylvanian Gas Pool, Undesignated Kennedy Farms-Atoka Gas Pool, Undesignated Riverside-Atoka Gas Pool, and Undesignated Kennedy Farms-Morrow Gas Pool; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre gas spacing; and the SW/4 NW/4 of Section 14 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre oil spacing. Said units are to be dedicated to its Haldeman Well No. 1 to be drilled at a previously approved unorthodox Morrow gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 14 (Division Order No. R-9417). 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 2.5 miles east of Artesia, New Mexico.

CASE 10141: (Readvertised)

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the perforated interval from approximately 3691 feet to 4127 feet in its San Isidro 13 Well No. 11 located 1980 feet from the South and West lines (Unit K) of Section 13, Township 20 South, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10245: Application of Conoco Inc. for pool creation, special pool rules, and contraction of the Blinebry Oil and Gas and Warren-Tubb Gas Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil and gas pool for Blinebry and Tubb production comprising all or portions of Sections 22, 26, 27, 33, 34, and 35, Township 20 South, Range 38 East, to be designated the Warren Blinebry-Tubb Oil and Gas Pool, and the promulgation of special pool rules therefor, including a provision to allow for simultaneous dedication of pool acreage to both oil and gas wells, special gas allowable considerations, and any other provisions deemed necessary for such a pool. Applicant also seeks the concomitant contraction of the Blinebry Oil and Gas Pool and the Warren-Tubb Gas Pool and the creation of a new gas pool for Tubb production comprising the SE/4 of Section 23, SW/4 of Section 24, W/2 of Section 25 and the NW/4 of Section 36, Township 20 South, Range 38 East. Said area is located approximately 10 miles south of Hobbs, New Mexico.

- CASE 10246: Application of Conoco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Burger B-20 Well No. 4 to be drilled 2200 feet from the North line and 2450 feet from the West line (Unit F) of Section 20, Township 20 South, Range 38 East, Warren-McKee Pool. The SE/4 NW/4 of said Section 20 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 8.5 miles north of Eunice, New Mexico.
- CASE 10247: Application of Meridian Oil Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1140 feet from the South line and 330 feet from the East line (Unit P) of Section 3, Township 19 South, Range 30 East. The SE/4 SE/4 of said Section 3 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools to the base of the Grayburg formation spaced on 40-acre oil spacing and proration units, which presently includes but is not necessarily limited to the Undesignated Shugart Pool and Undesignated North Benson Queen Grayburg Pool. Said unit is located approximately 9.5 miles south by east of Loco Hills, New Mexico.
- CASE 10248: Application of Pitts Energy Co. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1500 feet from the South line and 1650 feet from the East line (Unit J) of Section 5, Township 12 South, Range 38 East, the NW/4 SE/4 of said Section 5 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing from the surface to the base of the Devonian formation, which presently includes but is not necessarily limited to the Gladiola-Wolfcamp Pool, Undesignated Gladiola-Mississippian Pool, and Gladiola-Devonian Pool. Said unit is located approximately 5 miles northeast of Gladiola, New Mexico.
- CASE 10249: Application of Pacific Enterprises Oil Company (USA) for a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the current Special Rules and Regulations for the McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, and to establish a non-standard 320-acre gas spacing and proration unit comprising the S/2 of Section 18, Township 20 South, Range 27 East, 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 West line (Unit H) of said Section 18. Said unit is located approximately 9.5 miles south of the Old Illinois Camp.
- CASE 10250: Application of Pacific Enterprises Oil Company (USA) for the rescission of special pool rules and for two non-standard 640-acre gas proration units or, in the alternative, to amend Division Order No. R-2917, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the Special Rules and Regulations for the spacing and location of wells in the McMillan-Morrow Gas Pool, comprising Sections 13 and 24, Township 20 South, Range 26 East and Sections 7, 18, and 19, Township 20 South, Range 27 East, and seeks to have said pool governed by the provisions of General Rule 104.C.II(a) for gas pools of Pennsylvanian age. Further, the applicant requests the concomitant creation of two non-standard 640-acre gas spacing and proration units for the McMillan-Morrow Gas Pool in Section 13, Township 20 South, Range 26 East, for the existing Yates Drilling Company Pecos River Deep Unit located in Unit H of said Section 13 and in Section 19, Township 20 South, Range 27 East, for the existing Presidio Exploration Inc. State "I" Com Well No. 1 located in Unit F of Section 19, Township 20 South, Range 27 East. IN THE ALTERNATIVE, the applicant seeks to amend the current Rules and Regulations for said McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, to permit the optional drilling of an additional well on each 640-acre proration unit. Said pool is located approximately 5 miles south-southeast of Lakewood, New Mexico.
- CASE 10226: (Continued from February 7, 1991, Examiner Hearing.)
- Application of Bird Creek Resources for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the East Loving-Delaware Pool including a provision for a limiting gas-oil ratio of 5000 cubic feet of gas per barrel of oil. Said pool is located in Township 23 South, Range 28 East, being approximately 2 miles east of Loving, New Mexico.
- CASE 10227: (Continued from February 7, 1991, Examiner Hearing.)
- Application of Nearburg Producing 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 N/2 of Section 29, Township 18 South, Range 25 East, to form 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 Penasco Draw San Andres-Yeso Associated Pool, Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool, and Penasco Draw-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 of Dayton, New Mexico.
- CASE 10156: (Continued from February 7, 1991, Examiner Hearing.)
- Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation, underlying the S/2 of Section 32, Township 20 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the costs 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 the drilling of said well. Said unit is located approximately 2 miles north-northwest of Oil Center, New Mexico.

CASE 10251: Application of Kaiser-Francis Oil Company for a pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Delaware formation comprising the SE/4 of Section 8, Township 21 South, Range 26 East. Said area is located approximately 7 miles northwest of Carlsbad, New Mexico.

CASE 10252: Application of Amerada Hess Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed North Monument Grayburg/San Andres Unit Area (Division Case No. 10253) located in portions of Townships 19 and 20 South, Ranges 36 and 37 East, by the injection of water into the Eunice Monument Grayburg-San Andres Pool through 108 certain wells to either be recompleted or converted from producing or abandoned wells to water injection wells. Said project area surrounds Monument, New Mexico.

CASE 10253: Application of Amerada Hess Corporation for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Eunice Monument-Grayburg-San Andres Pool, underlying 13,385 acres, more or less, of Federal, State and Fee lands comprising portions of Townships 19 and 20 South, Ranges 36 and 37 East. Said unit is to be designated the North Monument Grayburg/San Andres Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area surrounds Monument, New Mexico.

CASE 9529: (Reopened - Continued from January 24, 1991, Examiner Hearing.)

In the matter of Case 9529 being reopened pursuant to the provisions of Division Order No. R-8806, which order created the North King Camp-Devonian Pool in Chaves County, New Mexico, and promulgated temporary special rules and regulations therefor. Operators in said pool may appear and show cause why the North King Camp-Devonian Pool temporary rules should not be rescinded. Further, at the request of Stevens Operating Corporation, appropriate spacing for said pool and other related matters which are consistent with Commission Order No. R-9035 shall be considered.

CASE 10211: (Continued from February 7, 1991, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated South Corbin-Wolfcamp Pool; and the SW/4 NW/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 West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. 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 7.5 miles southeast by south of Maljamar, New Mexico

CASE 10219: (Continued from February 7, 1991, Examiner Hearing.)

Application of Hanley Petroleum Inc. 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 following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and or/pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated South Corbin-Wolfcamp Pool; and the SW/4 NW/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 West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. 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 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 9420: (Reopened and Readvertised)

In the matter of Case 9420 being reopened pursuant to the provisions of Division Order No. R-8768, which order created the Basin-Fruitland Coal Gas Pool in San Juan County and promulgated temporary special rules and regulations therefor. Operators in said pool may appear and present evidence and testimony relative to the determination of permanent rules and regulations for the Basin-Fruitland Coal Gas Pool.

CASE 9362: (Reopened and Readvertised)

In the matter of Case 9362 being reopened pursuant to the provisions of Division Order No. R-7588-B, which order expanded the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool in San Juan County. Operators in said pool may appear and show cause why the temporary extension of the Cedar Hill-Fruitland Basal Coal Pool should not be rescinded.

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DOCKET NO. 6-91

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 28, 1991

9:00 A.M. - MABRY HALL, EDUCATION BUILDING  
SANTA FE, NEW MEXICO

(The Land Commissioner's designee for this hearing will be Gary Carlson)

CASE 10254: In the matter of the hearing called by the Oil Conservation Division on its own motion to accept nominations and other evidence and information to assist in determining April through September, 1991 gas allowables for the prorated gas pools in New Mexico. Fourteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. The April through September, 1991 allocation period will be the first under the amended rules. Information concerning the amended rules was contained in OCD Memorandum dated January 3, 1991. Additional information including preliminary allowable estimates is being distributed with OCD Memorandum dated February 4, 1991.

CASE 9949: (De Novo - Continued from January 17, 1991, Commission Hearing.)

Application of Chevron U.S.A., Inc. for a non-standard gas proration unit, unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 400-acre gas spacing and proration unit comprising Lots 11 through 14 of Section 5 and Lots 15 and 16 and the SE/4 of Section 6, all in Township 21 South, Range 36 East, Eumont Gas Pool, said unit to be simultaneously dedicated to a well to be drilled at an unorthodox location 1175 feet from the South line and 1375 feet from the East line (Unit W) of said Section 6, to its Orcutt (NCT-A) Well No. 1 properly located 4600 feet from the North line and 1980 feet from the West line (Unit N) of said Section 5 (which is unorthodox for this proration unit) and to its Graham State (NCT-E) Well No. 2 located at an unorthodox location 1980 feet from the South and East lines (Unit R) of said Section 6. Said unit is located approximately 2.25 miles west by north of Oil Center, New Mexico. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9994: (De Novo - Continued from January 17, 1991, Commission 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 either the SE/4 of Section 5 and the NE/4 of Section 8, Township 21 South, Range 36 East, forming a non-standard 320-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the N/2 SE/4 and SE/4 SE/4 of said Section 5 and the NE/4 of said Section 8, forming a non-standard 280-acre non-standard gas spacing and proration unit for said pool. In either instance the applicant proposes to simultaneously dedicate all production from the Eumont Gas Pool to the existing State "A" Well No. 4 located 660 feet from the North and East lines (Unit A) of said Section 8, which is unorthodox for the proposed 280-acre unit, and to a second well to be drilled, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, plus an equitable and proper percentage of the value of the existing wellbore of said State "A" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 1.25 miles west of Oil Center, New Mexico. Upon application of Chevron, U.S.A. Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8668: (De Novo)

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. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8769: (De Novo)

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. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.