

29/ Dockets Nos. 25-91 and 26-91 are tentatively set for September 5, 1991 and September 19, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 22, 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 Jim Morrow, Examiner or Michael E. Stogner, or David R. Catanach, Alternate Examiners:

**CASE 10280:** (Continued from August 8, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

**CASE 10361:** (Continued from August 8, 1991, Examiner Hearing.)

Application of Seay Exploration, 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 Seven Rivers formation underlying Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 6, Township 20 South, Range 39 East, forming a 160.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent, developed on 160-acre gas spacing, which presently includes but is not necessarily limited to the House-Yates Seven Rivers 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 well is located approximately 2.25 miles east-southeast of the community of Nadine, New Mexico.

**CASE 10370:** Application of Coleman Oil and Gas, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Point Lookout interval of the Blanco-Mesaverde Pool in the perforated interval from approximately 4380 feet to 4480 feet in its Sunco Disposal Well No. 1 to be drilled 1595 feet from the North line and 1005 feet from the West line (Unit E) of Section 2, Township 29 North, Range 12 West. Said location is approximately 2.5 miles south by east of Flora Vista, New Mexico.

**CASE 10360:** (Continued from August 8, 1991, Examiner Hearing.)

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 or to a depth of 6300 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 22, 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 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 990 feet from the North line and 760 feet from the West line of said Section 22. 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 is located approximately 1 mile northeast of Loving, New Mexico.

**CASE 10371:** Application of Amoco Production Company to amend Division Order No. R-9487, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9487, dated May 8, 1991, which order authorized the applicant to recomplete its existing Smith Federal Gas Com Well No. 1 located 1613 feet from the North line and 2336 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, by side-tracking and directionally drilling from the existing wellbore in such a manner as to bottom the newly deviated portion of the wellbore in the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox gas well location within a target area described as a rectangle 1800 to 2000 feet from the North line and 330 to 430 feet from the West line in Unit E of said Section 12. Said order also provided that all of said Section 12 be dedicated to the well to form a standard 640-acre gas spacing and proration unit for said pool, and an acreage factor of 0.49 was assigned the well for allowable purposes. At this time the applicant proposes to abandon the Smith well and requests authorization to drill a vertical replacement well at an unorthodox gas well location 2049 feet from the North line and 480 feet from the West line (Unit E) of said Section 12; all other provisions of said Order No. R-9487 should remain in full force and effect. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 10372: Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/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 15 miles west-southwest of Dulce, New Mexico.

CASE 10373: Application of Collins & Ware, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 7,000 feet to the base of the Morrow formation underlying the S/2 of Section 25, Township 23 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the South Culebra Bluff-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated North Loving-Morrow Gas 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 well is located approximately 3.25 miles east-southeast of Loving, New Mexico.

CASE 10374: Application of Collins & Ware, 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 Morrow formation underlying Lots 1 and 2, NE/4, and E/2 NW/4 (N/2 equivalent) of Section 7, Township 24 South, Range 29 East, forming a 319.36-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 Malaga-Atoka Gas Pool, Undesignated Malaga-Morrow Gas Pool, and Undesignated Cedar Canyon-Morrow Gas 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 3 miles east-northeast of Malaga, New Mexico.

CASE 10352: (Continued from August 8, 1991, Examiner Hearing.)

Application of Collins & Ware, 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 Morrow formation underlying the W/2 of Section 36, Township 20 South, Range 28 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 North Turkey Track-Cisco Gas Pool, Undesignated Palmillo Draw-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 SW/4 of said Section 36. 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 12 miles southwest of Loco Hills, New Mexico.

CASE 10353: (Continued from August 8, 1991, Examiner Hearing.)

Application of Collins & Ware, 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 Morrow formation underlying the W/2 of Section 20, Township 22 South, Range 33 West, 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 East Red Tank-Atoka Gas Pool and Undesignated Bootleg Ridge-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 11.25 miles northeast by north of the Lea/Eddy County line on State Highway No. 128.

CASE 10323: (Continued from August 8, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, 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 or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-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 Red Tank-Atoka Gas Pool and Undesignated Bilbrey-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 32.75 miles west of Eunice, New Mexico.

CASE 10375: Application of Union Oil Company of California D/B/A UNOCAL for high angle directional drilling pilot project, special operating rules therefor, unorthodox gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle directional drilling pilot project in an existing 160-acre gas spacing and proration unit in the South Blanco Pictured Cliffs Pool comprising the NE/4 of Section 20, Township 27 North, Range 6 West. The applicant proposes to utilize its existing Rincon Unit Well No. 254 located at an unorthodox surface gas well location 1419 feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and penetrate the Pictured Cliffs formation with a 60 degree angled wellbore oriented in a westerly direction. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 790 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the South Blanco Pictured Cliffs Pool, as promulgated by Division Order No. R-8170, as amended. Further, the applicant proposes to simultaneously dedicate production from said well with production from the existing Rincon Unit Well No. 52 located at a standard gas well location 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 20, therefore any provisions adopted for said project area should contain provisions allowing for appropriate exceptions or amendments to the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by said Order No. R-8170, as amended. Said unit is located approximately 10.5 miles southwest by south of Gobernador, New Mexico.

CASE 10368: (Continued from August 8, 1991, Examiner Hearing.)

Application of Johnny G. Jones for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 13,800 feet, which correlates approximately to the base of the Strawn formation, underlying the SW/4 NE/4 (Unit G) of Section 34, Township 24 South, Range 34 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 presently includes only the Pitchfork Ranch-Strawn Pool. Said unit is to be dedicated to its existing Moore "34" Com Well No. 1 located 1980 feet from the North and East lines of said Section 34, which was plugged and abandoned in January 1988 and was re-entered on March 30, 1990. 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 16 miles west by north of Jal, New Mexico.

CASE 10367: (Continued from August 8, 1991, Examiner Hearing.)

Application of Chevron U.S.A. Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its B.V. Culp (NCT-A) Gas Com Well No. 11 to be drilled 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 19, Township 19 South, Range 37 East. Said well is to be simultaneously dedicated with the B.V. Culp (NCT-A) Gas Com Well No. 10, located at a previously approved unorthodox gas well location 840 feet from the North line and 990 feet from the East line (Unit A) of said Section 19, to the existing 477.14-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of said Section 19 (established by Division Order No. R-1487) which is located approximately 1.5 miles northwest of Monument, New Mexico.

CASE 9854: (Reopened)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

CASE 10349: (Continued from July 11, 1991, Examiner Hearing.)

Application of Doyle Hartman, Oil Operator, for two non-standard gas proration units, unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rededicate acreage in the Jalmat Gas Pool and form two non-standard gas spacing and proration units in the N/2 equivalent of Section 7, Township 23 South, Range 37 East. The Stevens "B-7" Com Well No. 1 located at an unorthodox gas well location 990 feet from the North and West lines (Unit D) of said Section 7 is to be dedicated to Lot 1, N/2 NE/4 and NE/4 NW/4 (N/2 equivalent) comprising 157.34 acres and the Stevens "B" Well No. 13 located at an unorthodox gas well location 1980 feet from the North line and 330 feet from the West line (Unit E) and Stevens "B-7" Com Well No. 2 also located at an unorthodox gas well location 1650 feet from the North and East lines (Unit G) are to be simultaneously dedicated to Lot 2, S/2 NE/4 and SE/4 NW/4 (S/2 N/2 equivalent) of said Section 7 comprising 157.31 acres. Said area is located approximately 14 miles north of Jal, New Mexico.

CASE 10358: (Continued from July 25, 1991, Examiner Hearing.)

Application of Conoco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprising the SE/4 of Section 17, Township 22 South, Range 36 East, to be dedicated to the existing State "E" Well No. 2 located at a standard gas well location 1980 feet from the South line and 660 feet from the East line (Unit D) of said Section 17. Said unit is located approximately 7 miles south by west of Oil Center, New Mexico.

CASE 10363: (Continued from August 8, 1991, 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 in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for said 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 well is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

CASE 10356: (Continued from July 25, 1991, Examiner Hearing.)

Application of OXY USA, Inc. for an order affecting its Citgo Empire-Abo Pressure Maintenance Project and affecting ARCO Oil and Gas Company's Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to place its Citgo Empire-Abo Pressure Maintenance Project, located in portions of Section 35, Township 17 South, Range 27 East, and Section 2, Township 18 South, Range 27 East, under the provisions of Division Order A-261 (statewide oil prorationing) effective as of May 1, 1988 by rescinding Division Order R-4808 and by an exception to Rule 502 thereby establishing special assignment of allowables and adopting procedures concerning underproduction. Applicant further seeks a determination of the appropriate procedure to be applied by ARCO Oil and Gas Company in its Empire-Abo Pressure Maintenance Project, located in portions of Sections 34 and 36, Township 17 South, Range 27 East; portions of Sections 25, 26, 27 and 31 through 36, Township 17 South, Range 28 East; portions of Sections 29 and 30, Township 17 South, Range 29 East; portions of Sections 1 through 4, 8 through 11, 15 through 17, Township 18 South, Range 27 East; and portions of Sections 4, 5 and 6, Township 18 South, Range 28 East, concerning the accumulation of unused allowable under Rule 3 and Rule 5 of Order R-4549, as amended, to ensure that the correlative rights of the parties involved in these two adjoining projects are not impaired. Said Unit areas are located in an area 9 to 16 miles west by south of Loco Hills, New Mexico.

EXAMINER HEARING - THURSDAY - AUGUST 22, 1991.

CASE 10369: (Continued from August 8, 1991, Examiner Hearing.)

Application of ARCO Oil & Gas Company for an order concerning its Empire-Abo Pressure Maintenance Project and the OXY USA, Inc. Citgo Empire-Abo Pressure Maintenance Project and to amend Division Order No. R-4808, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division determining the appropriate procedure to be applied by OXY U.S.A., Inc. in its Citgo Empire-Abo Unit to make up its current overproduction and to assure its full compliance with all Division Orders approving this Unit and operations therein, and the amendment of Division Order No. R-4808 to assure that future production from the Citgo Empire-Abo Unit is limited to a rate equal to the reservoir voidage occurring in the Empire-Abo Unit. Said unit areas are located in an area 9 to 16 miles west by south of Loco Hills, New Mexico.

CASE 10376: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain existing pools in McKinley, Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

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

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 18: NE/4

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

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 9: N/2

Section 10: W/2 NW/4

- (c) EXTEND the Blanco-Pictured Cliffs Pool in San Juan and Rio Arriba Counties, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM

Section 8: E/2

Section 9: S/2

Section 10: SW/4

Section 16: All

Section 17: E/2

Section 21: W/2

- (d) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 7: W/2

Section 18: All

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Section 10: E/2

Section 11: E/2

Section 12: All

Section 13: All

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: All

Section 20: NE/4

Section 21: All

Section 26: All

Section 27: All

Section 34: All

Section 35: All

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 13: All

- (e) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 21: SW/4 NE/4, NW/4, NE/4, and SE/4 NE/4

- (f) EXTEND the Ojo Encino-Entrada Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 20 NORTH, RANGE 5 WEST

Section 21: SE/4 SW/4

- (g) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 9 WEST

Section 13: SE/4

- (h) EXTEND the North Pinon-Fruitland Sand Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST

Section 30: NE/4

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DOCKET NO. 24-91

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 29, 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 Gary Carlson)

CASE 10377: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1991 through March 1992 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. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD Memorandum dated August 5, 1991.

CASE 10226: (De Novo - Continued from June 12, 1991, Commission 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. Upon application of Bird Creek Resources, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10251: (De Novo - Continued from June 12, 1991, Commission Hearing.)

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. Upon application of Kaiser-Francis Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10378:** Application of Doyle Hartman, Oil Operator, for an order enforcing the provisions of the Myers Langlie-Mattix Unit Agreement and unit operating agreement, as approved by Division Order No. R-6447; disapproval of a redevelopment plan; and an evaluation of current and past operation of the Myers-Langlie Mattix Unit Area by current and former operators, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the disapproval of all C-104's filed by Sirgo Operating Inc., purporting to name Sirgo as operator of the Myers Langlie-Mattix Unit; an order enjoining Sirgo from replacing the current operator, Texaco Exploration and Production Inc.; an order disapproving a redevelopment plan proposed by Sirgo; and an evaluation of current and past operation of said unit to determine compliance by the Operators with the Statutory Unitization Act. Said unit is located in Sections 25 and 36 of Township 23 South, Range 36 East; Sections 28 through 34 of Township 23 South, Range 37 East; Sections 1 and 12 of Township 24 South, Range 36 East; and Sections 2 through 11 of Township 24 South, Range 37 East, Langlie Mattix Pool. *This case is placed on the Commission Docket solely for the purpose of determining whether the Commission has jurisdiction over some or all of the issues. Any issues determined to be within the Commission's jurisdiction may be referred to hearing before a Division Examiner.*

**CASE 7827:** (Reopened and readvertised - This case will be dismissed.)

Application of Millard Deck Estate for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Langlie-Mattix and Jalmat production in the wellbore of the following three wells: Possh Wells Nos. 1 in Unit C; 3 in Unit K; and 4 in Unit B, all located in Section 36, Township 24 South, Range 36 East. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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: COMMISSION HEARING ON AUGUST 29, 1991, CONCERNING  
PRORATED GAS ALLOWABLES FOR OCTOBER 1991 - MARCH 1992**

**DATE: AUGUST 5, 1991**

A Commission Hearing will be scheduled for August 29, 1991 for the purpose of receiving nominations and other testimony and information to assist the Commission in determining prorated gas allowables for the Oct. '91 through Mar. '92 allocation period. The assistance of all segments of the natural gas industry is needed in this process so you are urged to attend the hearing and participate.

The following information is being distributed along with this memo:

- o PRELIMINARY ALLOWABLE ESTIMATES FOR EACH POOL.
- o EXPLANATIONS FOR POOL ALLOWABLE ADJUSTMENTS
- o COMPARISON OF MONTHLY AVERAGE POOL ALLOWABLES, SALES, F1 AND F2 FACTORS.
- o COMPARISON OF APRIL AND MAY, 1991 SALES VOLUMES TO ALLOWABLES.
- o REQUESTED FORMAT FOR NOMINATIONS - FORM C-121-A.

Nominations may be submitted prior to or at the August 29 Hearing. Nominations and other information presented at the hearing will be used to revise the preliminary allowables and assign final allowables for the allocation period.

dr/



ALOKA PENN	BLINEBRY	BUFFALO	BURTON	FLAT	CARLSPAD	CATELAW	EUMONT	INDIAN BASIN	INDIAN BASIN	JALMAY	JUSTIS GL	TUBBS
		VALLEY PENN	MORRISON	MORRISON	MORRISON	DRAM	MORRISON	MORRISON	UPPER PENN			

(2) TOTAL NOMINATIONS  
AVERAGE MONTHLY VOLUMES

(4) MONTHLY PDR ALLOWABLE									
OCT 91-MAR 92	140,402	482,780	203,184	424,022	293,417	150,500	2,411,478	231,393	3,560,060
(LINE 1 + LINE 3)							1,243,490	45,437	273,916

(6) MONTHLY NON-MARGINAL FOOD ALLOWABLE OCT 91-MAR 92 (LINE 4 MINUS LINE 5)	109,780	322,321	84,437	240,376	79,659	58,211	1,037,976	154,146	1,018,015	402,600	31,372	110,962
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[illegible]

OCT 91-MAR 92 F1 FACTORS FOR OTHER POOLS  
BURTON FLAT STRAWN FI=10,000  
MONUMENT MCKEE ELLEN FI=25,000

PRELIMINARY ALLOWABLE ESTIMATES  
MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
FOR OCT 91 THRU MAR 92  
PRORATED GAS POOLS - NORTHWEST NEW MEXICO

	BASIN	BLANCO	BLANCO	BLANCO	TAPACITO
	DALOTA	MESAVERDE	P.C. SOUTH		
(1) AVERAGE MONTHLY POOL SALES OCT 90-MAR 91 ALL VOL.'S ARE IN MCF	8,039,435	14,122,492	1,204,658	207,577	
(2) TOTAL MONTHLY VOLUMES AVERAGE MONTHLY VOLUMES					
(3) ADJUSTMENTS		46,000			
(4) MONTHLY POOL ALLOWABLE OCT 91-MAR 92 (LINE 1 + LINE 3)	8,039,435	14,168,492	1,204,658	207,577	
(5) MONTHLY MARGINAL POOL ALLOWABLE FOR OCT 91-MAR 92	4,228,404	6,687,524	515,461	82,453	
(6) MONTHLY NON-MARGINAL POOL ALLOWABLE OCT 91-MAR 92 (LINE 4 MINUS LINE 5)	3,811,031	7,480,968	725,197	125,124	
(7) NUMBER OF NON-MARGINAL ACREAGE FACTORS	433.65	599.93	456.61	91.74	
(8) NUMBER OF NON-MARGINAL ACREAGE & DELIVERABILITY FACTORS	205,993	434,101	27,355	9,277	
(9) MONTHLY ACREAGE ALLOCATION FACTOR FOR OCT 91-MAR 92, F1	5,273	3,117	397	341	
(10) MONTHLY ACREAGE & DELIV ALLOCATION FACTOR FOR OCT 91-MAR 92, F2	7.40	12.92	19.88	10.12	

## **EXPLANATION FOR POOL ALLOWABLE ADJUSTMENTS**

**Prorated Gas Pools - Oct '91-Mar '92**

<u>POOL</u>	<u>ADJUSTMENT MCF PER MONTH</u>	<u>REASON FOR ADJUSTMENT</u>
Atoka Penn	27,000	Overproduction
Blinebry	73,000	"
Carlsbad Morrow	72,000	Overproduction and Recent Production Volumes
Catclaw Draw	14,000	Overproduction
Eumont	96,253	Minimum Allowable
Indian Basin Morrow	27,000	Overproduction
Indian Basin Upper Penn	188,000	"
Jalmat	340,391	Minimum Allowable
Justis	6,000	Recent Production
Tubb	60,000	" "
Blanco Mesaverde	46,000	Overproduction

**Monthly Marginal Pool Allowables for Oct '91-Mar '92 are estimated based on Apr and May, 1991 Pool Sales Volumes.**

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

PERIOD	ALTON FENN	ELINE BEY	BOUFALD VALLEY FENN	BORTON FLAT MURKUM	CARLSBAD MURKUM	CATLAW DRAW
OCT 89-MAR 90						
FOUL ALLOWABLE; MCF PER MU	90,502	584,153	226,422	507,581	333,609	251,865
FOUL SALES; MCF PER MU	88,473	443,221	207,301	392,388	256,256	126,029
F1	10,193	27,478	33,319	18,931	34,790	31,079
OCT 90-MAR 91						
FOUL ALLOWABLE; MCF PER MU	100,273	441,816	239,674	544,365	200,077	146,514
FOUL SALES; MCF PER MU	113,402	409,780	203,184	424,022	221,417	136,500
F1	17,180	21,879	33,489	59,884	10,517	21,757
OCT 91-MAR 92						
FOUL ALLOWABLE; MCF PER MU	140,402	482,780	203,184	424,022	293,417	150,500
FOUL SALES; MCF PER MU	32,099	29,983	42,219	34,938	20,015	29,106
F1						

PERIOD	EUMONT	IND. BASIN MURKUM	IND. BASIN UPPER FENN	JALMAT	JUSTIS GLORIETA	TURB
OCT 89-MAR 90						
FOUL ALLOWABLE; MCF PER MU	2,279,715	90,717	3,187,359	775,942	57,744	338,032
FOUL SALES; MCF PER MU	1,779,169	78,348	3,052,361	855,488	60,222	289,732
F1	13,965	47,191	132,760	7,184	3,575	8,383
OCT 90-MAR 91						
FOUL ALLOWABLE; MCF PER MU	2,234,375	209,172	3,431,660	973,904	46,147	236,501
FOUL SALES; MCF PER MU	2,315,225	204,393	3,372,080	905,099	39,437	213,916
F1	16,991	159,687	173,285	13,912	3,541	10,127
OCT 91-MAR 92						
FOUL ALLOWABLE; MCF PER MU	2,413,178	231,393	3,560,080	1,245,490	45,437	273,916
FOUL SALES; MCF PER MU	18,300	181,565	185,431	18,300	3,486	10,087
F1						

PERIOD	BASIN DANOTA	BLANCO MESAVARDE	BLANCO P.C. SOUTH	TAFACITO
OCT 89-MAR 90				
FOUL ALLOWABLE; MCF PER MU	12,242,569	16,894,172	1,797,464	449,567
FOUL SALES; MCF PER MU	10,302,401	14,990,087	1,115,864	318,270
F1	4,528	2,629	375	488
F2	8.14	13.44	17.16	19.14
OCT 90-MAR 91				
FOUL ALLOWABLE; MCF PER MU	9,416,739	15,731,709	1,508,811	332,221
FOUL SALES; MCF PER MU	8,039,435	14,122,492	1,204,658	207,577
F1	5,676	3,690	483	546
F2	7.83	15.78	23.18	17.07
OCT 91-MAR 92				
FOUL ALLOWABLE; MCF PER MU	8,039,435	14,168,492	1,204,658	207,577
FOUL SALES; MCF PER MU	5,273	3,117	397	341
F1	7.40	12.92	19.88	10.12
F2				

**COMPARISON OF APRIL AND MAY 1991 SALES VOLUMES  
AND ALLOWABLES; MCF PER MONTH**

**NEW MEXICO PRORATED GAS SALES**

<u>POOL</u>	<u>APR-SEP 1991 MONTHLY ALLOWABLE</u>	<u>AVG. MONTHLY SALES APR.-MAY, 1991</u>
Atoka Penn	107,414	101,987
Blinebry	368,926	423,780
Buffalo Valley Penn	221,054	151,296
Burton Flat Morrow	481,903	303,122
Carlsbad Morrow	252,146	252,452
Catchlaw Draw Morrow	161,064	102,195
Eumont	2,278,783	2,112,369
Indian Basin Morrow	144,974	167,651
Indian Basin Upper Penn	3,166,406	3,231,461
Jalmat	1,148,663	1,091,336
Justis Glorieta	43,021	44,499
Tubb	266,658	245,611
Basin Dakota	8,552,554	6,359,286
Blanco Mesaverde	13,546,300	13,862,223
Blanco P.C. South	1,242,564	991,596
Tapacito	234,518	177,580

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-121-A  
Revised 4-1-91

**OIL CONSERVATION DIVISION**

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

**PURCHASER'S GAS NOMINATIONS**

COMPANY Name of Purchaser or Transporter	ADDRESS Address of Purchaser or Transporter
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In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, the above named company herewith submits its nominations for the purchase of gas from the Pool Name\*

Pool for the month shown below: (insert in appropriate month)

MONTH	YEAR	NOMINATION, MCF
APRIL		
MAY		
JUNE		
JULY		
AUGUST		
SEPTEMBER		
OCTOBER	1991	30,000
NOVEMBER	1991	30,000
DECEMBER	1991	40,000
JANUARY	1992	40,000
FEBRUARY	1992	30,000
MARCH	1992	30,000

NOTE: All Volumes are to be MCF at 15.025 psia and 60° F.

Signature	Printed Name & Title	Date	Telephone No.
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**FILING INSTRUCTIONS:** One copy of this form must be filed with the Santa Fe Office of the Division by the first day of the month during which the nominations are to be considered at public hearing.

\*Please file a separate form for each pool for which a nomination is made.