

Dockets Nos. 10-86 and 11-86 are tentatively set for March 19 and April 2, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 5, 1986

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 8836: Application of the Oil Conservation Division on its own motion to consider establishing six non-standard proration and spacing units for any and all formations and/or pools developed on 320-acre spacing from the base of the Blanco Mesaverde Pool downward in Sections 5 through 8, 17 through 20, and 29 through 32, all in Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said non-standard units are necessitated for the orderly development of this area due to the irregular sections resulting from survey corrections in the United States Public Lands Survey.

CASE 8837: Application of the Oil Conservation Division on its own motion to consider establishing six non-standard proration and spacing units for all formations and/or pools developed on 160-acre spacing from the base of the Blanco Mesaverde Pool downward in Sections 6, 7, 18, 19, 30, and 31, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said non-standard units are necessitated by irregular Sections resulting from survey corrections in the United States Public Lands Survey.

CASE 8838: Application of the Oil Conservation Division on its own motion for exceptions to the Special Rules for the Gavilan-Greenhorn-Graneros-Dakota and Gavilan Mancos Oil Pools as promulgated by Division Order Nos. R-7745 and R-7407, respectively, Rio Arriba County, New Mexico. The OCD seeks exceptions to the spacing and one well per proration unit limitation provisions of the Special Rules and Regulations governing the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools as promulgated by Division Orders Nos. R-7745 and R-7407, authorizing the establishment of seven non-standard oil spacing and proration units for both pools in Township 25 North, Range 2 West, as described below:

- 1) Lots 3 and 4, S/2 NW/4, SW/4 of Section 5 and all of Section 6 consisting of 505.20 acres, more or less;
- 2) W/2 of Section 8 and all of Section 9 consisting of 505.84 acres, more or less;
- 3) W/2 of Section 17 and all of Section 18 consisting of 506.36 acres, more or less,
- 4) All of Section 19 and the W/2 of Section 20 consisting of 506.76 acres, more or less;
- 5) N/2 of Section 29 and Lots 1 and 2 of Section 30 consisting of 413.59 acres, more or less;
- 6) S/2 of Section 29 and Lots 3 and 4 of Section 30 consisting of 413.73 acres, more or less, and,
- 7) All of Section 31 and the W/2 of Section 32 consisting of 507.88 acres, more or less.

Said units would allow for the orderly development of both pools within the irregular sections along the western side of the subject township resulting from survey corrections in the United States Lands Survey. The OCD proposes to allow two wells to be completed in both pools on each of the above-described units.

- CASE 8839: Application of Jerome P. McHugh for exceptions to the Special Pool Rules for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to the spacing and well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing two unorthodox oil well locations 1980 feet from the South line and 660 feet from the East line of Section 19 and 660 feet from the South and East lines of Section 30, all of said Section 19 consisting of 186.76 acres, more or less, and all of said Section 30 consisting of 187.88 acres, more or less, to be dedicated to said wells, respectively, forming two non-standard oil spacing and proration units in said pool, said units to necessitate for the irregular sections along the western side of the subject Township resulting from survey corrections in the United States Lands Survey.
- CASE 8840: Application of Burk Royalty Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the South Lucky Lake Queen Pool underlying the South Lucky Lake Queen Unit Area in Township 15 South, Range 29 East. Applicant further seeks authorization to inject water under pressure in said project in excess of the OCD guidelines standard of 0.2 psi per foot of depth.
- CASE 8826: (Continued and Readvertised)
- Application of Harvey E. Yates 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 top of the Northeast Lovington-Pennsylvanian Pool underlying the NE/4 SE/4 of Section 8, Township 16 South, Range 37 East, and all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the N/2 SE/4 of Section 8, Township 16 South, Range 37 East, 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.
- CASE 8841: Application of Marbob Energy Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco formation in the perforated interval from approximately 9270 feet to 9290 feet in its F. M. Robinson Well No. 1 located 1850 feet from the North line and 660 feet from the West line of Section 27, Township 17 South, Range 29 East, Grayburg-Upper Pennsylvanian Pool.
- CASE 8842: Application of Exxon Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Mary Federal Well No. 1 located 1924 feet from the North line and 651 feet from the East line (Unit H) of Section 11, Township 23 South, Range 25 East, Sheep Draw-Strawn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.
- CASE 8843: Application of Chaveroo Operating Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Chaveroo-San Andres Pool in the perforated interval from 4101 feet to 4430 feet in its Tucker Well No. 5 located 1310 feet from the South and West lines (Unit M) of Section 24, Township 7 South, Range 32 East.
- CASE 8844: Application of Manzano Oil 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 Morrow formation in the following manner underlying the following acreage in Section 11, Township 16 South, Range 36 East:
- the S/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;
 - the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing;
 - the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit within said vertical limits.

All of the above-described acreage is to be dedicated to a single well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 11. 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.

CASE 8845: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blanco-Mesaverde and Otero-Chacra Pools in the wellbores of two wells to be drilled in Section 8, Township 27 North, Range 8 West, and in Section 29, Township 28 North, Range 9 West.

CASE 8846: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blanco-Mesaverde and Undesignated Otero-Chacra Pools in the wellbores of five wells to be drilled in Sections 18, 20, 21, and 28, Township 27 North, Range 8 West.

CASE 8847: Application of Nearburg Producing Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Atoka and Morrow formations in the wellbore of its Osage-Boyd Com Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 19 South, Range 25 East, Boyd-Morrow Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Gas Pool.

CASE 8823: (Continued from February 19, 1986, Examiner Hearing)

Application of Nearburg Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South line and 760 feet from the East line of Section 23, Township 20 South, Range 34 East, Pennsylvanian formation, the S/2 of said Section 23 to be dedicated to the well.

CASE 8848: Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following three wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
- 2) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,
- 3) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

CASE 8849: Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

CASE 8850: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Eddy and Chaves Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Catclaw Draw-Delaware Pool. The discovery well is the Exxon Corporation Catclaw Draw Well No. 8 located in Unit G of Section 22, Township 21 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 22: NE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Herradura Bend-Delaware Pool. The discovery well is the Amoco Production Company State GO Well No. 1, located in Unit E of Section 2, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Laguna Salado-Atoka Gas Pool. The discovery well is the Eastland Oil Company Carthel Federal Com. Well No. 2, located in Unit G of Section 5, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 5: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permo Pennsylvanian production and designated as the Red Tank Draw-Permo Pennsylvanian Gas Pool. The discovery well is the Exxon Corporation Altwein B Federal Com. Well No. 1, located in Unit N of Section 12, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 12: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Shugart-Delaware Pool. The discovery well is the Siete Oil and Gas Corporation Geronimo Federal Well No. 3, located in Unit A of Section 24, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 24: NE/4

Said discovery well will be assigned a discovery allowable of 25,060 barrels to be produced over a two year period.

- (f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Siegreest Draw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Amoco QT Federal Well No. 2, located in Unit P of Section 29, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 29: SE/4

- (g) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production and designated as the North Twin Lakes-Fusselman Gas Pool. The discovery well is the Stevens Operating Company Lynx Well No. 1, located in Unit G of Section 19, Township 8 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 19: N/2