

Dockets Nos. 26-86 and 27-86 are tentatively set for August 20 and September 3, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 6, 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 David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 8941: (Readvertised)

Application of BCO, Inc. for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause seeks approval of the Alamito (State) Unit Area comprising 640 acres, more or less, of State lands, all in Section 32, Township 23 North, Range 7 West.

CASE 8954: Application of Osborn Heirs Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from approximately 12,887 feet to 12,951 feet in its Mattie Price Well No. 6 located 1820 feet from the North line and 2310 feet from the East line (Unit G) of Section 6, Township 17 South, Range 38 East.

CASE 8912: (Continued from July 23, 1986, Examiner Hearing)

Application of Parabo, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.

CASE 8955: Application of A. L. Dawsey for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed El Vado Well No. 2 to be drilled 1770 feet from the South line and 970 feet from the East line of Section 11, Township 27 North, Range 1 East, Undesignated East Puerto Chiquito-Mancos Oil Pool, the SE/4 of said Section 11 to be dedicated to the well.

CASE 8956: Application of Cibola Energy Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Hadley Well No. 1 to be drilled 2290 feet from the North line and 1200 feet from the East line of Section 36, Township 10 South, Range 27 East, Wildcat Devonian Pool, the SE/4 NE/4 of said Section 36 to be dedicated to the well.

CASE 8934: (Readvertised)

Application of Amstar Energy Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bone Spring, Wolfcamp, Cisco, Canyon, Strawn, Atoka, Morrow and Devonian formations in the perforated interval from approximately 9600 feet to 14,800 feet in the Mid-American Petroleum, Inc. New Mexico State "A" Well No. 1 located 660 feet from the South line and 2080 feet from the East line (Unit O) of Section 35, Township 18 South, Range 34 East, Undesignated Air Strip Bone Spring Pool or Undesignated Scharb Bone Spring Pool, Air Strip Wolfcamp Pool, and East La Rica Morrow Gas Pool.

CASE 8936: (Continued from July 23, 1986, Examiner Hearing)

Application of Santa Fe Energy 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 either the SW/4 NW/4 of Section 33, Township 23 South, Range 31 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the W/2 of said Section 33 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, both aforementioned units 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.

CASE 8820: (Continued from July 23, 1986, Examiner Hearing)

Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration 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 as operator of the well and a charge for risk involved in drilling said well.

CASE 8957: Application of TXO Production Corporation for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit comprising the NW/4 of Section 12, Township 22 South, Range 27 East, Wildcat Wolfcamp Pool, to be dedicated to a well to be drilled at a standard location in said Section 12.

CASE 8939: (Continued from July 23, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3 located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from July 23, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8958: Application of Amoco Production Company for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its State FQ Gas Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 26, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8595: (Reopened)

In the matter of Case 8595 being reopened pursuant to the provisions of Order No. R-7983 which order promulgated temporary special rules and regulations for the Northeast Caudill-Wolfcamp Pool in Lea County including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing and proration units.

CASE 8959: Application of Trobaugh Properties for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the open-hole interval from approximately 3774 feet to 3805 feet in its Lynch Well No. 1 located 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 35, Township 20 South, Range 34 East.

CASE 8960: Application of Marathon Oil 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 Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East, to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, said unit 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.

CASE 8966: Application of Tenneco Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 330 feet from the North line and 2308 feet from the East line of Section 24, Township 12 South, Range 34 East, Undesignated Ranger Lake-Pennsylvanian Pool, the W/2 NE/4 of said Section 24 to be dedicated to the well.

CASE 8949: (Continued from July 23, 1986, Examiner Hearing)

Application of Mobil Producing Texas and New Mexico, Inc. for pool creation, special pool rules, discovery allowable, and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production comprising either the N/2 NE/4 or the E/2 NE/4 of Section 1, Township 17 South, Range 35 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre spacing and designated locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Lovington Deep State Well No. 1 located at an unorthodox oil well location for the proposed special pool rules 823 feet from the North line and 581 feet from the East line of said Section 1.

CASE 8961: Application of Mesa Grande Resources, Inc. for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 186.36-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 18, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well drilled at a standard location thereon.

CASE 8962: Application of Mesa Grande Resources, Inc. for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 185.84-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 3 and 4 of Section 7, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well drilled at a standard location thereon.

CASE 8963: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the W/2 of Section 16, Township 25 North, Range 2 West, 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.

CASE 8964: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 23, Township 25 North, Range 2 West, 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.

CASE 8965: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the S/2 of Section 26, Township 25 North, Range 2 West, 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.

CASE 8948: (Continued from July 23, 1986, Examiner Hearing)

Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the S/2 of Section 26, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, 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.

CASE 8849: (Continued from June 12, 1986, Examiner Hearing)

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 8967: 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 Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Big Dog-Strawn Pool. The discovery well is the Michell Energy Corporation Baer Well No. 1 located in Unit F of Section 32, Township 15 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 32: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Northeast Jenkins-San Andres Pool. The discovery well is the BTA Oil Producers Hugo 693 Ltd Well No. 2 located in Unit L of Section 15, Township 9 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 15: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Reeves-Delaware Pool. The discovery well is the Mewbourne Oil Company Federal Well No. 1 located in Unit J of Section 14, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 14: SE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the Sammal-Queen Pool. The discovery well is the Yates Petroleum Corporation Hoover ADR State Well No. 1 located in Unit I of Section 1, Township 17 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 1: SE/4

- (e) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: S/2

- (f) EXTEND the Eumont Yates-Seven Rivers-Queen Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 3: SW/4
Section 10: N/2 and SE/4

- (g) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 23: SE/4

- (h) EXTEND the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 13: SW/4

- (i) EXTEND the South Salt Lake-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 25: W/2
Section 36: NW/4

- (j) EXTEND the Skaggs-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 13: NW/4

- (k) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 1: Lots 9, 10, 15, and 16

CASE 8953: (Readvertised)

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

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

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 7: SW/4
Section 26: NW/4
Section 27: N/2

- (h) 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 5: N/2
Section 6: E/2
Section 17: NW/4

- (i) EXTEND the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM
Section 1: SW/4
Section 17: E/2
Section 20: NE/4

- (j) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 9: NE/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 25: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 23: NW/4

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

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

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 1: NE/4 NE/4
Section 24: E/2, S/2 SW/4, and NE/4 SW/4
Section 25: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
 Section 21: N/2 and SE/4
 Section 28: NE/4

- (m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 21 NORTH, RANGE 6 WEST, NMPM
 Section 1: W/2
 Section 12: E/2

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
 Section 28: NW/4

Docket No. 24-86

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 7, 1986
OIL CONSERVATION COMMISSION - 8:15 A.M. - ROOM 205
 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8890: (De Novo)

Application of Northwest Pipeline Corp. for Hardship Gas Well Classification, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste. Upon application of Northwest Pipeline Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8859: (De Novo)

Application of Robert E. Chandler Corporation for an amendment to Division Order No. R-8047, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8047 by which compulsorily pooled the NE/4 SW/4 of Section 7, Township 22 South, Range 38 East, extending the effective dates of this order, including the commencement date of the subject well and a provision declaring certain leasehold interests to be excessive burdens and authorizing the applicant to recover out of production its well costs and risk factor penalty before any such excessive leasehold interests are paid. Upon application of Michael L. Klein, John H. Hendrix, John H. Hendrix Corporation, and Ronnie H. Westbrook, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8901: (Continued from June 19, 1986, Commission Hearing)

Application of Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc., and Abo Petroleum Corporation for Determination of reasonable well costs, Chaves County, New Mexico. The New Mexico Oil Conservation Commission issued Division Order No. R-7393 on December 2, 1983 for Case No. 7984, which compulsorily pooled all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, forming a standard 160-acre gas spacing and proration unit and all mineral interests from the top of the Wolfcamp formation to the Precambrian underlying the W/2 of said Section 20, forming a standard 320-acre gas spacing and proration unit, named Jack J. Grynberg the operator of the units, and established a well costs schedule for each zone based on proposed total depth and depth of the Abo zone. Applicants, in the above-styled cause, as interest owners in the Grynberg State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 which was drilled pursuant to the compulsory pooling provisions of said Order No. R-7393, now seeks an order ascertaining the reasonableness of actual well costs for the subject well.

CASE 8640: (Continued from June 19, 1986, Commission Hearing) (De Novo)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid

intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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. Upon application of Meridian Oil Inc. and El Paso Natural Gas Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8946: (Continued from July 23, 1986, Examiner Hearing)

Application of Jerome P. McHugh and Associates for an amendment to the special rules and regulations of the Gavilan-Mancos Oil Pool, promulgated by Division Order No. R-7407, to establish temporary special production allowable limitations and gas-oil ratio limitations for said pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-7407, dated December 20, 1983, to include therein a special temporary production allowable of 200 barrels of oil per day for a standard 320-acre spacing and proration unit and a special temporary gas-oil ratio limitation factor of 1,000 cubic feet of gas per barrel of oil produced.

CASE 8950: (Readvertised)

Application of Benson-Montin-Greer Drilling Corporation for the amendment to the special rules and regulations of the West Puerto Chiquito-Mancos Oil Pool as promulgated by Division Order No. R-3401, and to establish temporary special production allowable limitations and gas-oil ratio limitations, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Commission by Division Order No. R-3401, dated April 11, 1968, issued in Case No. 3743, established Special Rules and Regulations for the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project, including a special gas-oil ratio of 2000 to 1 for the West Puerto Chiquito-Mancos Oil Pool. Applicant, in the above-styled cause, now seeks amendment of said Order No. R-3401 to provide for a special gas-oil ratio of 1000 to 1 and the establishment of a production limitation factor of 400 barrels of oil per day for each 640-acre spacing unit in the pool.

CASE 8951: (Continued from July 23, 1986, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-8124, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Division by Division Order No. R-8124, dated January 16, 1986, issued in Case 8745, authorized the applicant to conduct a long-term reservoir pressure test in the Mancos formation using certain wells in Rio Arriba County and further authorized the shut-in of certain wells and provided six months after completion of the test during which certain accumulated underproduction can be made up. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8124 to provide for twelve months after completion of the reservoir pressure test during which to make up the accumulated underproduction of certain wells resulting from the test. Applicant further requests that all other provisions in said Order No. R-8124 remain in full force and effect.

CASE 8952: (Continued from July 23, 1986, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for statutory unitization, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, being all or portions of the following lands in Rio Arriba County, New Mexico:

Sections 6 through 8 and 17 through 20, Township 24 North, Range 1 East;
 Sections 1 through 15 and 23 through 24, Township 24 North, Range 1 West;
 Sections 5 through 8, 17 through 20 and 29 through 31, Township 25 North, Range 1 East;
 Sections 1 through 36, Township 25 North, Range 1 West;
 Sections 19 and 20 and 29 through 32, Township 26 North, Range 1 East;
 Sections 1 through 36, Township 26 North, Range 1 West.

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 the horizontal and vertical limits of the unit area; the determination of a fair, reasonable and equitable allocation of production and costs of production, 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 necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

Docket No. 25-86

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 13, 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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for September, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 23-86 and 24-86 are tentatively set for August 6 and August 20, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY, JULY 23, 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 8941: (Readvertised)

Application of BCO, Inc. for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Alamito (State) Unit Area comprising 640 acres, more or less, of State lands all in Section 32, Township 23 North, Range 7 West.

CASE 8912: (Continued from June 25, 1986 Examiner Hearing)

Application of Parabo, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.

CASE 8942: Application of BTA Oil Producers for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 5,082 feet to 5,120 feet in its Buckeye 8601 JV-P Well No. 1-SWD (Calatex Exploration, Inc. New Mexico State Well No. 1) located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 29, Township 17 South, Range 36 East.

CASE 8936: (Continued from July 9, 1986, Examiner Hearing)

Application of Santa Fe Energy 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 either the SW/4 NW/4 of Section 33, Township 23 South, Range 31 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the W/2 of said Section 33 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, both aforementioned units 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.

CASE 8820: (Reopened) (Continued from July 9, 1986, Examiner Hearing)

Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration 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 as operator of the well and a charge for risk involved in drilling said well.

CASE 8943: Application of WR Oil and Gas Company for a Water/Steam Injection Pilot Project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot injection project by the injection of steam and water into the Miguel Creek-Gallup Oil Pool in 14 wells located in Sections 20, 21, 28, 29, Township 16 North, Range 6 West. Applicant further seeks authorization to inject under pressure in said project in excess of the OCD guidelines standard of 0.2 psi per foot of depth.

CASE 8939: (Continued from July 9, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3

located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from July 9, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8944: Application of Tenneco Oil Company for retroactive allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that the work performed on its Fields "LS" Well No. 2A located 1500 feet from the South line and 850 feet from the East line (Unit I) of Section 25, Township 32 North, Range 11 West, Blanco-Mesaverde Pool, be designated as a "workover" pursuant to the Division Rules and Regulations regarding gas prorationing in northwest New Mexico, so that the increased allowable assigned to the subject well's proration unit (the S/2 of said Section 25) would be made effective as of November 1, 1985.

CASE 8945: Application of Jerome P. McHugh and Associates 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 Dakota formation underlying the E/2 of Section 12, Township 25 North, Range 2 West, to form a standard 320-acre 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 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 8946: Application of Jerome P. McHugh and Associates for an amendment to the special rules and regulations of the Gavilan-Mancos Oil Pool, promulgated by Division Order No. R-7407, to establish temporary special production allowable limitations and gas-oil ratio limitations for said pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-7407, dated December 20, 1983, to include therein a special temporary production allowable of 200 barrels of oil per day for a standard 320-acre spacing and proration unit and a special temporary gas-oil ratio limitation factor of 1,000 cubic feet of gas per barrel of oil produced.

CASE 8874: (Continued from June 25, 1986, Examiner Hearing)

Application of Union Texas Petroleum Corporation for Pool Reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules therefor.

CASE 8947: Application of Yates Petroleum Corporation for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Box Canyon Unit Well No. 2 located 2080 feet from the North line and 1980 feet from the West line (Unit F) of Section 13, Township 21 South, Range 21 East, Little Box Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8948: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the S/2 of Section 26, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, 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.

CASE 8937: (Continued from July 9, 1986, Examiner Hearing)

Application of Mobil Producing Texas and New Mexico, 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 for its proposed Federal CCC Well No. 2 to be drilled 2970 feet from the South line and 2410 feet from the East line of Section 4, Township 16 South, Range 31 East, Undesignated North Square Lake Grayburg-San Andres Pool, Lot 15 of said Section 4 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

CASE 8949: Application of Mobil Producing Texas and New Mexico, Inc. for pool creation, special pool rules, discovery allowable, and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production comprising either the N/2 NE/4 or the E/2 NE/4 of Section 1, Township 17 South, Range 35 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre spacing and designated locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Lovington Deep State Well No. 1 located at an unorthodox oil well location for the proposed special pool rules 823 feet from the North line and 581 feet from the East line of said Section 1.

CASE 8950: Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-3401, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Commission by Division Order No. R-3401, dated April 11, 1968, issued in Case No. 3743, established Special Rules and Regulations for the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project, including a special gas-oil ratio of 2000 to 1 for the West Puerto Chiquito-Mancos Oil Pool. Applicant, in the above-styled cause, now seeks amendment of said Order No. R-3401 to provide for a special gas-oil ratio of 1000 to 1 and the establishment of a production limitation factor of 400 bbls. of oil per day for each 640-acre spacing unit in the pool.

CASE 8951: Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-8124, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Division by Division Order R-8124, dated January 16, 1986, issued in Case 8745, authorized the applicant to conduct a long-term reservoir pressure test in the Mancos formation using certain wells in Rio Arriba County and further authorized the shut-in of certain wells and provided six months after completion of the test during which certain accumulated underproduction can be made up. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8124 to provide for twelve months after completion of the reservoir pressure test during which to make up the accumulated underproduction of certain wells resulting from the test. Applicant further requests that all other provisions in said Order No. R-8124 remain in full force and effect.

CASE 8952: Application of Benson-Montin-Greer Drilling Corporation for statutory unitization, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, being all or portions of the following lands in Rio Arriba County, New Mexico:

Sections 6 through 8 and 17 through 20, Township 24 North, Range 1 East;
 Sections 1 through 15 and 23 through 24, Township 24 North, Range 1 West;
 Sections 5 through 8, 17 through 20 and 29 through 31, Township 25 North, Range 1 East;
 Sections 1 through 36, Township 25 North, Range 1 West;
 Sections 19 and 20 and 29 through 32, Township 26 North, Range 1 East;
 Sections 1 through 36, Township 26 North, Range 1 West.

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 the horizontal and vertical limits of the unit area; the determination of a fair, reasonable and equitable allocation of production and costs of production, 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 necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 8932: (Continued from July 9, 1986, Examiner Hearing)

Application of Geo Engineering, Inc. for exceptions to Division General Rules 104(F) and 104(C) (I), McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority for the location of oil wells no nearer than 165 feet to the lease boundary or nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menafee member of the Mesaverde formation in the NW/4 of Section 32, Township 20 North, Range 9 West. Applicant also seeks authority allowing the operator to develop the area described with more than four wells on each 40-acre tract.

CASE 8933: (Continued from July 9, 1986, Examiner Hearing)

Application of Geo Engineering, Inc. for exceptions to Division General Rules 104(F) and 104(C) (I), McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority for the location of oil wells no nearer than 165 feet to the lease boundary or nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menafee member of the Mesaverde formation in the NE/4 of Section 30, Township 20 North, Range 9 West. Applicant also seeks authority allowing the operator to develop the area described with more than four wells on each 40-acre tract.

CASE 8953: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

- (a) CONTRACT the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, by the deletion of the following described area:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 23: NW/4

- (b) EXTEND the Angels Peak-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 28: NE/4 and N/2 NW/4

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

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 7: SW/4
Section 18: NW/4
Section 26: NW/4
Section 27: N/2 NW/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM
Section 21: SE/4
Section 22: SW/4

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

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM
Section 4: S/2 and NW/4
Section 9: N/2
Section 10: NW/4

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 36: E/2 E/2

- (e) EXTEND the Blanco-Fruitland Gas Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 4: NE/4
Section 9: NE/4
Section 10: NW/4
Section 27: NW/4
Section 28: N/2
Section 29: NE/4

TOWNSHIP 31 NORTH, RANGE 8 WEST, NMPM
Section 28: SE/4
Section 33: E/2

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

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 26: E/2

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 15: W/2
Section 16: All
Section 21: N/2
Section 22: N/2

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

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 7: SW/4
Section 26: NW/4
Section 27: N/2

- (h) 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 5: N/2.
 Section 6: E/2
 Section 17: NW/4

- (i) EXTEND the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 1: SW/4
 Section 17: E/2
 Section 20: NE/4

- (j) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 9: NE/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 25: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 23: NW/4

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

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 6: W/2 W/2
 Section 7: W/2 NW/4, N/2 SE/4

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 1: NE/4 NE/4
 Section 24: E/2, S/2 SW/4, NE/4 SW/4
 Section 25: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 21: N/2, SE/4
 Section 28: NE/4

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

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 21: NE/4
 Section 22: W/2
 Section 24: SE/4

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM

Section 21: SW/4
 Section 28: NW/4

- (m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 21 NORTH, RANGE 6 WEST, NMPM

Section 1: W/2
 Section 12: E/2

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 28: NW/4

- (n) EXTEND the WAW Fruitland-Pictured Cliffs Gas Pool in San Juan County, New Mexico to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 10: S/2