

DOCKET: EXAMINER HEARING - THURSDAY - JULY 13, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 22-95 and 23-95 are tentatively set for July 27, 1995 and August 10, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11229: (Continued from May 4, 1995, Examiner Hearing.)

7/13/95  
 In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Phoenix Resources Company, and all other interested parties to appear and show cause why the Powell Well No. 1 (API No. 30-005-60668), located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 23, Township 7 South, Range 28 East, Chaves County, New Mexico (which is approximately 1/2 mile west of Elkins, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11292: (Continued from June 29, 1995, Examiner Hearing.)

7/13/95  
 Application of Robert L. Bayless 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 NW/4 of Section 18, Township 24 North, Range 6 West, thereby forming a standard 160-acre spacing and proration unit for the Ballard-Pictured Cliffs 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8 miles northwest of Counselor, New Mexico.

CASE 11330: (Continued from June 29, 1995, Examiner Hearing.)

Application of Meridian Oil Inc. for downhole commingling, a non-standard gas proration unit, dual completion, and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional East Blanco-Pictured Cliffs Pool gas production with coal gas production from the Basin-Fruitland Coal (Gas) Pool and to dual said commingled production with gas production from the Blanco-Mesaverde Pool within the wellbore of its San Juan "30-4" Unit Well No. 40 to be drilled at an unorthodox gas well location for all three zones 2450 feet from the South line and 2270 feet from the East line (Unit J) of Section 21, Township 30 North, Range 4 West. The E/2 of said Section 21 is to be dedicated to said well in all three zones thereby forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool and Blanco-Mesaverde Pool and a non-standard unit for the East Blanco-Mesaverde Pool. Said unit is located approximately 18 miles southwest of Dulce, New Mexico.

CASE 11331: Application of Meridian Oil Inc. for downhole commingling, a non-standard gas proration unit, an unorthodox gas well location and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle East Blanco-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its San Juan 30-4 Unit Well No. 40 to be drilled at an unorthodox gas well location 2450 feet from the South line and 2270 feet from the East line (Unit J) of Section 21, Township 30 North, Range 4 West. The E/2 of Section 21 is to be dedicated to the subject well in the Basin-Fruitland Coal Gas Pool thereby forming a standard 320-acre gas spacing and proration unit for said pool. The applicant further seeks to establish a 320-acre non-standard gas proration unit for the East Blanco-Pictured Cliffs Gas Pool comprising the E/2 of Section 21. The applicant further seeks authority to dually complete this well as an East Blanco-Pictured Cliffs/Basin-Fruitland Coal Gas Pool and Blanco-Mesaverde Gas Pool producing well. Said well is located approximately 10.5 miles southeast of Navajo Lake State Park.

CASE 11319: (Readvertised)

7/13/95  
 Application of Sullivan and Company "3D" Program I, L. L. C. for Directional Drilling and an Unorthodox Bottomhole Oil Well Location, Lea County, New Mexico. Applicant, in the above styled cause, seeks authority to directionally drill its Lowe "25" Well No. 1 from an unorthodox surface location 2105 feet from the North line and 60 feet from the West line (Unit E) of Section 25, Township 13 South, Range 37 East, to an unorthodox bothomhole oil well location within 50 feet of a point 2205 feet from the North line and 100 feet from the West line (Unit E) of said Section 25 to test the Devonian formation. The SW/4 NW/4 of Section 25 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit. Applicant further requests approval of the subject unorthodox location as to the King-Wolfcamp Pool, Undesignated King-Pennsylvanian Pool, and Undesignated King-Devonian Pool. Said unit is located approximately 11.5 miles southeast of Tatum, New Mexico.

**CASE 11315:** (Continued from June 29, 1995, Examiner Hearing.)

7/13/95  
Application of Mallon Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Mallon "34" Federal Well No. 1 (API No. 30-025-32787) located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 34, Township 19 South, Range 34 East, and utilize said well to dispose of produced salt water into the San Andres formation through the perforated interval from approximately 5947 feet to 6306 feet. Said well is located approximately 1.5 miles east of mile post No. 78 on U. S. Highway 62/180.

**CASE 11316:** (Readvertised)

7/13/95  
Application of Marathon Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Royal Well No. 1 at an unorthodox oil well location to test the Blinbery formation and Undesignated East Vacuum-Drinkard Pool 2210 feet from the South line and 1310 feet from the East line (Unit I) of Section 33, Township 17 South, Range 35 East. The NE/4 SE/4 of Section 33 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for both intervals. Said unit is located approximately 3 miles east-southeast of Buckeye, New Mexico.

**CASE 11332:** Application of Yates Petroleum Corporation to Rescind Division Order No. R-10372, Eddy County, New Mexico. Applicant, in the above styled cause, seeks to rescind Division Order No. R-10372 dated May 24, 1995, which order authorized Yates Petroleum Corporation to drill its Aspden "AOH" Federal Com Well No. 2 at an unorthodox oil well location 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 29, Township 19 South, Range 25 East, NMPM, North Dagger Draw-Upper Pennsylvanian Pool, subject to certain requirements relating to the formation of non-standard proration units. This well is located approximately 8 miles west of Lakewood, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

7/13/95  
**CASE 11333:** Application of Marathon Oil Company for the expansion of the Cemetery-Morrow Gas Pool and the contraction of the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order expanding the Cemetery-Morrow Gas Pool to include all of Irregular Sections 35 and 36, Township 20-1/2 South, Range 23 East, and all of Sections 1, 2, 11, 12, 13 and 14, Township 21 South, Range 23 East, and the corresponding contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the W/2 of Section 2, the W/2 of Section 11, and all of Section 14, Township 21 South, Range 23 East. This area is located approximately 11-1/2 miles southwest of Seven Rivers, New Mexico.

7/27/95  
**CASE 11334:** Application of Phillips Petroleum Company for a determination in accordance with Section 70-2-33 (H) NMSA (1978) of the proportionate share of recoverable hydrocarbons and for the adoption of a special oil allowable for the South Peterson-Fusselman Pool, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks a determination, in accordance with Section 70-2-33 (H) NMSA (1978) of the proportionate share of recoverable hydrocarbons to be allocated to each spacing and proration unit in the South Peterson-Fusselman Pool. The applicant further seeks the adoption of a special oil allowable of 267 barrels of oil per day within the South Peterson-Fusselman Pool effective January 1, 1995. Said pool is located in portions of Townships 5 and 6 South, Ranges 32 and 33 East. This pool is located approximately 21 miles southeast of Kenna, New Mexico.

**CASE 11327:** (Continued from June 29, 1995, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the designated and Undesignated Snake Eyes-Entrada Oil Pool underlying a single fee lease comprising all or portions of Sections 19, 20, and 21, Township 21 North, Range 8 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said project area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 16 miles south by east of Nageesi, New Mexico.