

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

IN THE MATTER OF THE APPLICATION OF
AMOCO PRODUCTION COMPANY FOR
QUALIFICATION OF A WELL WORKOVER
PROJECT AND CERTIFICATION OF APPROVAL,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 11560

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Amoco Production Company _____
c/o J. W. Hawkins _____
Post Office Box 800 _____
Denver, Colorado 80201 _____
(303) 830-5072 _____
name, address, phone and
contact person

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Amoco Production Company, applicant in the above-styled cause, seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate," as promulgated by Division Order No. R-10505 for its L. C. Kelly Well No. 4E (API No. 30-045-25843), located 1160 feet from the North line and 920 feet from the West line (Lot 8/Unit D) of Section 3, Township 30 North, Range 12 West.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Bill Hawkins, Petroleum Engineer	10 Min.	Approximately 4

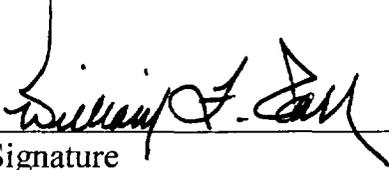
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

Amoco will request that Cases 11555, 11556, 11557, 11558, 11559 and 11560 be consolidated for the purpose of hearing.



Signature

CASE 11559: Application of Amoco Production Company for qualification of a well workover project and certification of approval, San Juan County, New Mexico. Applicant seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate", as promulgated by Division Order No. R-10505 for its Armenta Gas Com "C" Well No. 1E (API No. 30-045-23856), located 435 feet from the North line and 1590 feet from the West line (Unit C) of Section 27, Township 29 North, Range 10 West (being approximately 2.5 miles west-southwest of Blanco, New Mexico).

CASE 11560: Application of Amoco Production Company for qualification of a well workover project and certification of approval, San Juan County, New Mexico. Applicant seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate", as promulgated by Division Order No. R-10505 for its L. C. Kelly Well No. 4E (API No. 30-045-25843), located 1160 feet from the North line and 920 feet from the West line (Lot 8/Unit D) of Section 3, Township 30 North, Range 12 West (being approximately 3.5 miles north by west of Flora Vista, New Mexico).

CASE 11561: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Cotton Draw-Bone Spring Pool. The discovery well is the Bass Enterprises Production Company Poker Lake Unit Well No. 123 located in Unit K of Section 22, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 22: SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Cottonwood Draw-Delaware Pool. The discovery well is the Pogo Producing Company HNG "35" Federal Well No. 1 located in Unit P of Section 35, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 35: SE/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Phantom Draw-Delaware Pool. The discovery well is the Meridian Oil Inc. Inkling "8" Federal Well No. 1 located in Unit J of Section 8, Township 26 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM

Section 8 SE/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Canyon production and designated as the Square Lake-Canyon Pool. The discovery well is the Burns Operating Company Arco "6" Federal Well No. 1 located in Unit K of Section 6, Township 17 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 6: SW/4

- (e) EXTEND the South Black River-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 2: W/2 NE/4 and NE/4 NE/4

- (f) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 9: All

Section 10: N/2

- (g) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 29: All

- (h) EXTEND the Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 7: W/2

- (i) EXTEND the Sand Tank-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 5: N/2

- (j) EXTEND the Winchester-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 34: E/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 27, 1996

8:15 A.M. - 2040 S. Pacheco

Santa Fe, New Mexico

Dockets Nos 19-96 and 20-96 are tentatively set for July 11, 1996 and July 25, 1996. 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 11549: (Continued from June 13, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 23, Township 19 South, Range 28 East, and in the following manner: the S/2 of Section 23 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated South Millman-Atoka Gas Pool, the Undesignated Winchester-Morrow Gas Pool, the Undesignated North Winchester-Morrow Gas Pool, the Undesignated Winchester -Upper Pennsylvanian Gas Pool, the Undesignated Winchester-Strawn Gas Pool, and the Undesignated North Winchester-Wolfcamp Pool; the SW/4 of Section 23 to form a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing within said vertical extent, including the Undesignated Winchester-Wolfcamp Gas Pool; and the SE/4 SW/4 of Section 23 to form a standard 40-acre oil spacing and proration unit for any and all pools and/or formations developed on 40-acre spacing within said vertical extent, including the Undesignated Outpost-Delaware Pool, the Undesignated East Millman-Queen-Grayburg-San Andres Pool, the Undesignated Scanlon Draw-Queen Pool, and the Undesignated Winchester-Bone Spring Pool. Said units are to be dedicated to Applicant's Ten Bears "23" St. Well No. 1, to be drilled at an orthodox well location 990 feet from the South line and 1980 feet from the West line (Unit N) of the section. 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 6 miles southeast of Illinois Camp.

CASE 11552: **Application of Oxy USA Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 30, Township 22 South, Range 27 East, forming a non-standard 315.00-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but not necessarily limited to the Undesignated East Carlsbad-Wolfcamp Gas Pool, South Carlsbad-Strawn Gas Pool, and South Carlsbad-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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2.5 miles south of Carlsbad, New Mexico.

CASE 11553: **Application of Naumann Oil & Gas, Inc. for compulsory pooling, an unorthodox gas well location, and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described acreage in Section 31, Township 17 South, Range 30 East, and in the following manner: (a) Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a non-standard 315.24-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Sand Tank-Strawn Gas Pool, Undesignated South Loco Hills-Morrow Gas Pool, and Undesignated Sand Tank-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and, (c) the SW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Loco Hills-Queen-Grayburg-San Andres Pool. Said units are to be dedicated to a single well to be drilled 660 feet from the South line and 2220 feet from the East line (Unit O) of said Section 31 being a standard well location for 40 and 320-acre spacing and proration units but an unorthodox gas well location for a 160-acre spacing unit. 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 said well. Said well location is approximately 2.5 miles southwest of Loco Hills, New Mexico.

Examiner Hearing - June 27, 1996

Docket No. 18-96

Page 2 of 4

CASE 11554: Application of Nearburg Exploration Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval for an unorthodox oil well location in the Undesignated Shipp-Strawn Pool to be drilled 2310 feet from the North line and 1200 feet from the East line (Unit H) of Section 36, Township 16 South, Range 37 East. The S/2 NE/4 of said Section 36 is to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 6 miles north by east of Humble City, New Mexico.

CASE 11538: (Continued from June 13, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for surface commingling, Eddy and Lea Counties, New Mexico. Applicant seeks an exception to Division General Rule Nos. 303.A and 309.A. to permit surface commingling of Delaware and Morrow gas production from approximately forty-one wells located within the Livingston Ridge Area, located in Townships 21 and 22 South, Ranges 31 and 32 East. Applicant further seeks authority to allocate gas production to individual wells utilizing gas allocation meters and/or central delivery point meters located upstream of a central GPM gas sales meter located in the SW/4 NW/4 of Section 6, Township 22 South, Range 32 East. Said area is located approximately 8 miles south of the intersection on Highways 176 and 180, New Mexico.

CASE 11539: (Continued from June 13, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks approval to drill its Mimosa AHS Federal Well No. 3 at an unorthodox location 660 feet from the South line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East. The S/2 of said Section 4 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Upper Pennsylvanian (Canyon) and Morrow formations. Said unit is located approximately 14 miles south-southeast of Hope, New Mexico.

CASE 11534: (Continued from June 13, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CASE 11555: Application of Amoco Production Company for qualification of a well workover project and certification of approval, San Juan County, New Mexico. Applicant seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate", as promulgated by Division Order No. R-10505 for its Canyon Well No. 5 (API No. 30-045-21315), located 800 feet from the South line and 1840 feet from the East line (Unit O) of Section 3, Township 25 North, Range 11 West (being approximately 19.5 miles south of Bloomfield, New Mexico).

CASE 11556: Application of Amoco Production Company for qualification of a well workover project and certification of approval, San Juan County, New Mexico. Applicant seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate", as promulgated by Division Order No. R-10505 for its Gallegos Well No. 8 (API No. 30-045-21317), located 933 feet from the South line and 880 feet from the West line (Unit M) of Section 34, Township 26 North, Range 11 West (being approximately 19 miles south of Bloomfield, New Mexico).

CASE 11557: Application of Amoco Production Company for qualification of a well workover project and certification of approval, San Juan County, New Mexico. Applicant seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate", as promulgated by Division Order No. R-10505 for its Florance Well No. 67 (API No. 30-045-11822), located 1135 feet from the South line and 1850 feet from the East line (Unit O) of Section 19, Township 27 North, Range 8 West (being approximately 13 miles southeast by south of Blanco, New Mexico).

CASE 11558: Application of Amoco Production Company for qualification of a well workover project and certification of approval, San Juan County, New Mexico. Applicant seeks an order from the Division, pursuant to the "Rules and Procedures for Qualification of Well Workover Projects and Certification for the Well Workover Incentive Tax Rate", as promulgated by Division Order No. R-10505 for its Lackey "B" LS Well No. 13M (API No. 30-045-23888), located 1025 feet from the North line and 1655 feet from the West line (Unit C) of Section 20, Township 28 North, Range 9 West (being approximately 5 miles south by east of Blanco, New Mexico).