

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 16, 1997

9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO  
The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 11705: **Application of the Oil Conservation Division to amend Order R-8170, as amended, "General Rules for the Prorated Pools of New Mexico.** Applicant seeks to amend Order No. R-8170, as amended, to simplify the testing and proration rules as applied to the prorated pools of northwest New Mexico.

CASE 10994: (Reopened)

**Application of Phillips Petroleum Company to Reopen De Novo Case No. 10994, Roosevelt County, New Mexico.** Case 10994 will be reopened for consideration of oil allowables for future production from the South Peterson-Fusselman Pool, Roosevelt County, New Mexico.

CASE 11613: (De Novo)

**Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank-Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal Well No. 1 which is to be drilled at a standard well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing said well and the allocation of those costs as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 13 1/2 miles southeast of the intersection of State Highway 176 and U.S. Highway 180, Lea County, New Mexico. Upon application of Penwell Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11622: (De Novo)

**Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East. Applicant proposes to dedicate this pooled unit to its Checkers 24 Federal Well No. 1 to be drilled at a standard location 1980 feet from the South and East lines (Unit J) of said Section 24 to test any and all formations to the base of the Bone Spring formation, Red Tank-Bone Spring Pool. 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 area is located approximately 28 miles west-southwest of Eunice, New Mexico. Upon application of Penwell Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11510: (Reopened - Continued from December 12, 1996, Commission Hearing.)

**Application of Branko, Inc. Et. al to Reopen Case No. 10656 (Order No. R-9845), Lea County, New Mexico.** Mitchell Energy Corporation, a party in this matter, has requested to have the Oil Conservation Commission decide the matter of which parties are to be notified of election rights under compulsory pooling orders.

CASE 11579: (De Novo - Continued from December 12, 1996 Commission Hearing.)

**Application of Pogo Producing Company for a pressure maintenance project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool within its federal oil and gas lease (No. NM-86149) comprising the W/2 of Section 26, Township 22 South, Range 32 East, by the injection of natural gas through the perforated interval from approximately 8,399 feet to 8,471 feet into its existing Red Tank "26" Federal Well No. 1 located 1880 feet from the South and West lines (Unit K) of said Section 26. Said project area is located approximately 29 miles west by south of Eunice, New Mexico. Upon application of Pogo Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11702:** **Application of Mallon Oil Company for compulsory pooling and an unorthodox well location, Lea 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 30, Township 19 South, Range 34 East, and in the following manner: The N/2 of Section 30 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Quail Ridge-Atoka Gas Pool; the NE/4 of Section 30 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within said vertical extent, including but not limited to the Undesignated Quail Ridge-Yates Gas Pool; and the SW/4 NE/4 of Section 30 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the Undesignated East Gem-Strawn Pool; Undesignated Apache Ridge-Bone Spring Pool, and Undesignated Pearl-Queen Pool. Said unit will be dedicated to its Mescalero Ridge Unit 30 Well No. 4, to be drilled at an unorthodox location 1330 feet from the North and East lines (Unit G) of said Section 30. 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 the risk involved in drilling the well. Said unit is located approximately 2.5 miles north of U.S. Highway 62/180 mile marker 76.

**CASE 11703:** **Application of Parker & Parsley Development, L. P. for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a water injection project, all mineral interests in the West Lusk-Delaware Pool underlying its proposed Lusk West (Delaware) Unit Area encompassing some 1520 acres, more or less, of Federal lands comprising all of Sections 20 and 21 and NW/4, N/2 SW/4 of Section 21, all in Township 19 South, Range 32 East. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, 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 the unit operator; and time of commencement and termination of unit operations. Said unit area is centered approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11704:** **Application of Parker & Parsley Development, L. P. for a water injection project for secondary recovery of hydrocarbons, Lea County, New Mexico.** Applicant seeks approval to institute a water injection project in the West Lusk Delaware Pool within its proposed Lusk West (Delaware) Unit Area (being the subject of Case No. 11703) located in Township 19 South, Range 32 East, by the injection of produced water through perforated intervals into the West Lusk-Delaware Pool. Said project is located approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11604:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico.** Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.

DOCKET: COMMISSION HEARING - THURSDAY - DECEMBER 12, 1996

9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO  
The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10907: (Continued from November 14, 1996, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division to amend Rule 111, 1112 and 1115 of its General Rules and Regulations. The Oil Conservation Division seeks to amend its General Rules and Regulations to provide for the filing of Forms C-111, C-112, and C-115, respectively, on the last business day of the month following the month of production and to provide for the imposition of penalties for failure to file timely and accurate reports.

CASE 11510: (Reopened)

**Application of Branko, Inc. et al to Reopen Case No. 10656 (Order No. R-9845), Lea County, New Mexico.** Mitchell Energy Corporation, a party in this matter, has requested to have the Oil Conservation Commission decide the matter of which parties are to be notified of election rights under compulsory pooling orders.

CASE 11515: (De Novo - Continued from October 29, 1996, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator Woosley Oil Co., American Employers' Insurance Company, and all other interested parties to appear and show cause why the Santa Fe Energy Well No. 1 located in Unit P of Section 8, Township 19 North, Range 6 West; Santa Fe Energy Well No. 2 located in Unit A of Section 17, Township 19 North, Range 6 West; State Well No. 1 located in Unit D of Section 16, Township 19 North, Range 6 West; State Well No. 2 located in Unit C of Section 16, Township 19 North, Range 6 West; State Well No. 3 located in Unit A of Section 16, Township 19 North, Range 6 West; Ptasynski A Well No. 1 located in Unit I of Section 11, Township 19 North, Range 5 West; and Ptasynski A Well No. 2 located in Unit J of Section 11, Township 19 North, Range 5 West; all located in McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond. The center of the area encompassing said wells is located approximately 10 miles southeast of Chaco Canyon National Monument, New Mexico. Upon application of Commercial Union Insurance Companies and American Employers' Insurance Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11579: (De Novo - Continued from October 29, 1996 Commission Hearing.)

**Application of Pogo Producing Company for a pressure maintenance project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool within its federal oil and gas lease (No. NM-86149) comprising the W/2 of Section 26, Township 22 South, Range 32 East, by the injection of natural gas through the perforated interval from approximately 8,399 feet to 8,471 feet into its existing Red Tank "26" Federal Well No. 1 located 1880 feet from the South and West lines (Unit K) of said Section 26. Said project area is located approximately 29 miles west by south of Eunice, New Mexico.

AWAITING FINAL COMMISSION ACTION – NO EVIDENCE OR TESTIMONY WILL BE TAKEN

CASE 11596: In the matter of the hearing called by the Oil Conservation Commission to establish a rule to allow Commission members to participate in Commission meetings and hearings by means of a conference telephone or other similar communications equipment when it is otherwise difficult or impossible for members to attend the meeting or hearing in person.

CASE 11507: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator Petroleum Development Corporation, United New Mexico Bank, Albuquerque, New Mexico, and all other interested parties to appear and show cause why the El Poso Ranch Well Nos. 8 and 11, located in Unit N of Section 14 and Unit K of Section 14, both in Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said wells are located approximately 4 miles northwest of El Vado, New Mexico.

**CASE 11508:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator Oil Inc., Old Republic Insurance Company, and all other interested parties to appear and show cause why the Samantha Well No. 1 located in Unit L of Section 26, Township 28 North, Range 1 East; Samantha Well No. 2 located in Unit K of Section 26, Township 28 North, Range 1 East; Samantha Well No. 3 located in Unit N of Section 26, Township 28 North, Range 1 East; Gonzales 13 Well No. 1 located in Unit I of Section 13, Township 31 North, Range 1 East; Gonzales 18 Well No. 1 located in Unit M of Section 18, Township 31 North, Range 2 East; Quinlan Ranch Well No. 1 located in Unit H of Section 23, Township 32 North, Range 2 East; and the Quinlan Ranch Well No. 2 located in Unit N of Section 19, Township 31 North, Range 3 East; Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. The three Samantha wells are located approximately 5 miles west-northwest of El Vado, New Mexico. The Gonzales 13 Well No. 1 and Gonzales 18 Well No. 1 are located approximately 4 and 6 miles east of Monero, New Mexico, respectively. The Quinlan Ranch Well Nos. 1 and 2 are located approximately 6 miles northwest and 6 miles north-northwest of Chama, New Mexico, respectively.

**CASE 11509:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator Chuza Operating, Underwriters Indemnity Co., and all other interested parties to appear and show cause why the El Poso Ranch Wells Nos. 1, 2, 3, 4, 7, 9 and 10, located in Units E of Section 26, P of Section 22, F of Section 14, C of Section 23, J of Section 14, N of Section 11, and O of Section 14, respectively, all in Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said wells are located approximately 4 miles northwest of El Vado, New Mexico.

**CASE 11514:** **Application of Read & Stevens, Inc. for an unorthodox infill gas well location and simultaneous dedication, Chaves County, New Mexico.** Applicant seeks approval of an unorthodox infill gas well location in the Buffalo Valley-Pennsylvanian (Prorated) Gas Pool for a well to be drilled 990 feet from the South line and 1980 feet from the West line (Unit O) of Section 26, Township 15 South, Range 27 East. Said well is to be simultaneous dedicated with the existing Harris Federal Well No. 4, located at a standard gas well location in Unit "P" of said Section 26, to a standard 320-acre gas spacing and proration unit comprising the S/2 of said Section 26. Said unit is located approximately 9.5 miles southeast of Lake Arthur, New Mexico.

**DOCKET: COMMISSION HEARING - TUESDAY - OCTOBER 29, 1996**

**9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO**  
The Land Commissioner's designee for this hearing will be Jami Bailey

**CASE 11352:** (Continued from August 15, 1996, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division to amend Rule 116 of its General Rules and Regulations pertaining to the notification of fires, breaks, leaks, spills and blowouts. The proposed amendments to Rule 116 would include and/or exclude certain situations from its coverage. A copy of the proposed amendment is attached to this docket..

**CASE 11635:** In the matter of the hearing called by the Oil Conservation Division to enact a new rule establishing methods and standards for the prevention and abatement of water pollution associated with operations in the oil and gas industry. A copy of the proposed rule is attached to this docket.

**Evidence and testimony will be taken in the above cases on this date, but the cases will be continued to the Commission Hearing scheduled for November 14, 1996 in order to hear additional testimony and evidence.**

**CASE 11514:** (De Novo - Continued from September 18, 1996, Commission Hearing)

**Application of Read & Stevens, Inc. for an unorthodox infill gas well location and simultaneous dedication, Chaves County, New Mexico.** Applicant seeks approval of an unorthodox infill gas well location in the Buffalo Valley-Pennsylvanian (Prorated) Gas Pool for a well to be drilled 990 feet from the South line and 1980 feet from the West line (Unit O) of Section 26, Township 15 South, Range 27 East. Said well is to be simultaneous dedicated with the existing Harris Federal Well No. 4, located at a standard gas well location in Unit "P" of said Section 26, to a standard 320-acre gas spacing and proration unit comprising the S/2 of said Section 26. Said unit is located approximately 9.5 miles southeast of Lake Arthur, New Mexico. Upon application of Read & Stevens, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11579:** (De Novo)

**Application of Pogo Producing Company for a pressure maintenance project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool within its federal oil and gas lease (No. NM-86149) comprising the W/2 of Section 26, Township 22 South, Range 32 East, by the injection of natural gas through the perforated interval from approximately 8,399 feet to 8,471 feet into its existing Red Tank "26" Federal Well No. 1 located 1880 feet from the South and West lines (Unit K) of said Section 26. Said project area is located approximately 29 miles west by south of Eunice, New Mexico. Upon application of Pogo Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11563:** (De Novo)

**Application of Nearburg Exploration Company, L.L.C for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 80-acre spacing, including but not limited to the West Lovington-Strawn Pool, under Lots 15 and 16 of Section 3 and all interests in all formations developed on 40-acre spacing, including but not limited to the Northeast Eidson-Mississippian Pool, under Lot 16 of Section 3, all in Township 16 South, Range 35 East. Said unit is to be dedicated to its Nike "3" Well No. 1 to be drilled at a standard location 2970 feet from the South line and 330 feet from the East line of said Section 3. 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 area is located approximately 4 miles west of Lovington, New Mexico. Upon application of A. L. Cone Partnership, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11633:** Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 16, Township 20 South, Range 28 East, from the surface to the base of the Wolfcamp formation, Undesignated North Barton Flat-Wolfcamp Gas Pool. Said unit is to be dedicated to its InterCoast State 16 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 16. 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 10 miles east-southeast of Lakewood, New Mexico.

**CASE 11634:** Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 20, Township 20 South, Range 28 East, from the surface to the base of the Morrow formation, Barton Flat-Morrow Gas Pool. Said unit is to be dedicated to its InterCoast State 20 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 20. 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 10 miles east-southeast of Lakewood, New Mexico.

**CASE 11518:** (Continued from June 13, 1996, Examiner Hearing.)

Application of Sunco Trucking Company for approval to modify its Rule 711-permitted surface waste disposal facility, San Juan County, New Mexico. Applicant seeks approval to modify its Rule 711-permitted surface waste disposal located in the SW/4 NW/4 of Section 2, Township 29 North, Range 12 West. Applicant requests approval to construct and operate a 5-acre centralized landfarm within the 40-acre facility currently permitted to dispose of produced waters. The landfarm will receive contaminated soils and sludges from the produced water disposal operation on the facility, which are classified as "non-hazardous" oil field waste by RCRA Subtitle C exemption or by characteristic testing, to be spread on the ground in six inch lifts or less and periodically stirred to enhance the biodegradation of the contaminants. Said facility is located approximately 7 miles east-northeast of Farmington, New Mexico.

**CASE 11604:** (Continued from September 26, 1996, Examiner Hearing.)

Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico. Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.

**CASE 11602:** (Continued from September 26, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

**CASE 11603:** (Continued from September 26, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.