

NOTICE

The Oil Conservation Commission Hearing Originally Scheduled for October 10, 1996, Has Been Rescheduled for Tuesday, October 29, 1996.

Please Note That This Docket Does Not Reflect Any Continuances From The September 26, 1996 Examiner Hearing. Please Refer To The September 26, 1996 Docket For Any Continued Cases.

DOCKET NO. 28-96

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 3, 1996

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

Santa Fe, New Mexico

Dockets Nos 29-96 and 30-96 are tentatively set for October 17, 1996 and November 7, 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 September 5, 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 11621: (This Case Will Be Continued to October 17, 1996. Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location within the Atoka formation for its Papalotes Unit Well No. 1 (API No. 30-025-33275), located 1969 feet from the South line and 330 feet from the East line (Unit I) of Section 34, Township 14 South, Range 34 East, being approximately 10 miles west by south of Hilburn City, New Mexico. The E/2 of said Section 34 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said gas bearing interval.

CASE 11622: **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.

CASE 11618: Application of Costilla Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 5700 feet to the base of the Delaware formation, Undesignated Ross Draw-Delaware Pool, in and under the SE/4 SE/4 of Section 28, Township 26 South, Range 30 East. Said unit is to be dedicated to its Abby Federal Well No. 5 to be drilled at a standard location 410 feet from the South line and 467 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of these 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 area is located approximately 18 miles southeast of Malaga, New Mexico.

CASE 11623: 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 Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Hay Hollow-Wolfcamp Gas Pool. The discovery well is the Great Western Drilling Company Hay Hollow "25" State Well No. 1 located in Unit G of Section 25, Township 25 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 25: N/2

- (b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production and designated as the Northeast Chisum-Devonian Pool. The discovery well is the Marbob Energy Corporation True Grit Fed Well No. 1 located in Lot 4 of Section 3, Township 11 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM

Section 3: NW/4

- (c) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 10: SE/4

- (d) EXTEND the Hoag Tank-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 15: N/2

Section 16: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Section 26: N/2

- (f) EXTEND the Southwest Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 24: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 12: S/2

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

CASE 11627: Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case for its San Juan 28-5 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico. Applicant in accordance with Division Rule 303.E. seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 28-5 Unit located in Township 28 North, Range 5 West. The center of said area is located approximately 6 miles southeast of Gobernador Camp, New Mexico.

CASE 11628: Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case for its San Juan 28-6 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico. Applicant in accordance with Division Rule 303.E. seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 28-6 Unit located in Township 27 North Range 6 West and Township 28 North, Range 6 West. The center of said area is located approximately 5 miles southwest of Gobernador Camp, New Mexico.

CASE 11629: Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case for its San Juan 29-7 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico. Applicant in accordance with Division Rule 303.E. seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 29-7 Unit located in Township 29 North, Range 7 West. The center of said area is located approximately 9 miles southwest of Gobernador Camp, New Mexico.

CASE 11621: (Continued from October 3, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location within the Atoka formation for its Papalotes Unit Well No. 1 (API No. 30-025-33275), located 1969 feet from the South line and 330 feet from the East line (Unit I) of Section 34, Township 14 South, Range 34 East, being approximately 10 miles west by south of Hilburn City, New Mexico. The E/2 of said Section 34 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said gas bearing interval.

CASE 11630: Application of Yates Petroleum Corporation 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 E/2 of Section 15, Township 18 South, Range 29 East, forming 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 North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to Yates Petroleum Corporation's Cerros "AQF" Federal Com Well No. 1 which is to be drilled at a standard well location. 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 19 miles east-southeast of Artesia, New Mexico.

CASE 11631: Application of Texaco Exploration & Production, Inc. for surface commingling, Lea County, New Mexico. Applicant seeks authority to surface commingle Vacuum-Drinkard, Vacuum-Blinebry, Vacuum-Wolfcamp and Vacuum-Atoka Pool production from its N.M. "Z" State NCT-1, N.M. "O" State NCT-1, N.M. "M" State, N.M. "L" State, N.M. "R" State NCT-3, N.M. "R" State NCT-1 and N.M. "AB" State Leases. Said production is to be stored at a central facility located in the SE/4 SE/4 (Unit P) of Section 1, Township 18 South, Range 34 East. Said area is located approximately 2 miles south of Buckeye, New Mexico.

CASE 11632: Application of Texaco Exploration and Production Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all gas interests in the Mesaverde formation, in and under the E/2 of Section 32, Township 30 North, Range 11 West. Said unit is to be dedicated to its Fed. State Com Well No. 2 to be drilled at a standard location 850 feet from the South line and 1700 feet (Unit O) from the East line of said Section 32. 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 unit is located approximately 3½ miles south-southeast of Aztec, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 17, 1996

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

Santa Fe, New Mexico

Dockets Nos 31-96 and 32-96 are tentatively set for November 7, 1996 and November 21, 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 11611: (Readvertised)

Application of Pogo Production Company for an unorthodox oil well location and for an exception to the salt protection casing string requirements of Division Order No. R-111-P, Eddy County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Division Order No. R-111-P in the "Oil-Potash Area" from its proposed Amax "24" Federal Well No. 13 to be drilled at a standard oil well location 1310 feet from the South line and 330 feet from the West line (Unit M) of Section 24, Township 23 South, Range 31 East, to test the Ingle Wells-Delaware Pool. Said well site is located approximately 3 miles south of State Highway 128 at Mile Marker No. 18.

CASE 11624: **Application of Murchison Oil & Gas, Inc. for an exception to the existing field rules for the White City - Pennsylvanian Gas Pool, Eddy County, New Mexico.** Applicant seeks an order permitting the drilling of a third well at an orthodox location in Section 2, Township 25 South, Range 26 East, with applicant dedicating all of Section 2 to the well to test the formations included within said White City-Pennsylvanian Gas Pool. Said pool is located approximately eighteen (18) miles south of Carlsbad, New Mexico.

CASE 11547: (Continued from September 5, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C., 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, in all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles west of Artesia, New Mexico.

CASE 11089: (Reopened)

Application of Burlington Resources Oil & Gas Company to Reopen Case 11089 and amend Order No. R-46-A to conform to BLM Order No. UMU-1, San Juan County, New Mexico. Applicant seeks to amend Division Order No. R-46-A to conform to BLM Order No. UMU-1 to (a) amend the pool names, (b) utilize the same vertical limits, (c) conform the horizontal boundaries of the pools, (d) define the vertical limits as the stratigraphic equivalent interval, (e) approve certain non-standard gas spacing and proration units, (f) adopt an administrative procedure for unorthodox well locations, and (g) allow for the drilling of certain optional infill wells for the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool, the Barker Dome-Ismay Pool and the Barker Dome-Paradox Pool, all within a horizontal area containing all or parts of Sections 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

CASE 11625: **Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including a exception from Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool for purposes of establishing a program in its San Juan 29-7 Unit to determine proper well density and well location requirements in Mesaverde wells, Rio Arriba County, New Mexico.** Applicant seeks approval for a pilot program including an exception for the San Juan 29-7 Unit located in Township 29 North, Range 7 West, from Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and authorization to drill wells at unorthodox locations and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order No. R-1670-T to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Blanco-Mesaverde Gas Pool within the San Juan 29-7 Unit. Said unit is located approximately 4 miles southeast of Navajo City, New Mexico.

CASE 11626: **Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case for its San Juan 27-5 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico.** Applicant in accordance with Division Rule 303.E. seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 27-5 Unit located in Township 27 North, Range 5 West. The center of said area is located approximately 10 miles southeast of Gobernador Camp, New Mexico.