

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 23, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 29-93 and 30-93 are tentatively set for October 7, 1993 and October 21, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

The following cases will be heard before Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

CASE 10280: (Reopened)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Order No. R-9594, which order promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the Temporary Special Pool Rules for the Milnesand-Abo Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10826: Application of Barbara T. Fasken for directional drilling, an unorthodox bottomhole gas well location, and simultaneous dedication, Eddy County, New Mexico. Applicant seeks authority to directionally drill its Inexco Federal "17" Well No. 2 from a proposed surface location 2300 feet from the South line and 1800 feet from the East line (Unit J) of Section 17, Township 21 South, Range 26 East, in such a manner as to bottom the well in the Catclaw Draw-Morrow Gas Pool within 50 feet of a point 800 feet from the North line and 1400 feet from the East line (Unit B) of said Section 17, which is an unorthodox gas well location for said pool. Said well is to be simultaneously dedicated to an existing standard 640-acre gas spacing and proration unit comprising all of said Section 17, which is presently dedicated to its Inexco Federal "17" Well No. 1 located at a standard gas well location 1650 feet from the South line and 1850 feet from the West line (Unit K) of said Section 17. Said unit is located approximately 5 miles northwest of Carlsbad, New Mexico.

CASE 10827: Application of Enron Oil & Gas Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 35, Township 17 South, Range 30 East. Said unit is to be dedicated to its Cedar Lake 35 Federal Com Well No. 2 to be drilled at an unorthodox location 990 feet from the South and East lines of said Section 35. 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 5 miles southwest of Maljamar, New Mexico.

CASE 10807: (Continued from August 26, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 1 which is at an orthodox location 660 feet from the South and West lines (Unit M) of said Section 36, kick-off from vertical in a northwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 9 miles east by northeast of Lovington, New Mexico.

DOCKET: COMMISSION HEARING - WEDNESDAY - SEPTEMBER 22, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10498: (De Novo - Continued from August 19, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10345: (De Novo - Continued from August 19, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from August 19, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10719: (De Novo)

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Co. Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit D) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10746: (De Novo)

Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the East Catclaw Draw-Delaware Pool located in Section 9, Township 21 South, Range 26 East, including a provision for a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir. Upon application of Devon Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10693: (De Novo - Continued from August 19, 1993, Examiner Hearing.)

Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna. Upon application of Pronghorn SWD System, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 21, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 32-93 and 33-93 are tentatively set for November 4, 1993 and November 18, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

The following cases will be heard before Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

CASE 10280: (Reopened - Continued from September 23, 1993, Examiner Hearing.)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Order No. R-9594, which order promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the Temporary Special Pool Rules for the Milnesand-Abo Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10687: (Continued from September 23, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/2 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; and the SE/4 forming 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. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

CASE 10829: (Continued from October 7, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, 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 areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/2 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; the SE/4 forming 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 the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration 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 unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10850: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is to be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles south of Berry Park.

CASE 10851: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile south of Farmington Lake.

CASE 10772: (Continued from October 7, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10812: (Continued from October 7, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. 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 near the Huerfano Boarding School.

CASE 10852: **Application of McKay Oil Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for the Wolfcamp production from said well. Said unit is to be dedicated to the re-entry of its Charolette McKay Federal Com Well No. 3 which is located in Unit C of said Section 25. Applicant further proposes that it be designated the operator and that the Division consider the costs of reentering and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision and a charge for risk involved in reentering and completing said well. Said well is located approximately 20 miles southwest from Artesia, New Mexico.

CASE 10853: **Application of Matador Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico.** Applicant seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 30, Township 15 South, Range 28 East, for production from any formation and/or pool developed on 320-acre gas proration and spacing units including but not limited to the Buffalo Valley-Pennsylvanian Gas Pool. The N/2 of said Section 30 will be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool(s). Said unit is located approximately 3 miles northwest of Nakee Ishee Lake, New Mexico.

CASE 10854: **Application of Phillips Petroleum Company for a special oil allowable for the Cabin-Lake Delaware Pool, Eddy County, New Mexico.** Applicant seeks an order establishing a special oil allowable of 187 barrels of oil per day at a 2,000 to 1 GOR for the Cabin lake-Delaware Pool located in portions of Townships 21 and 22 South, Range 30 East. Applicant further seeks the cancellation of any overproduction charged against any well in the pool as of the effective date of any order entered in this case. This pool is in the Nash Draw area and its center is located approximately 1 mile north of Smith, New Mexico.

CASE 10830: (Readvertised)

Application of Conoco, Inc. for special pool rules or, in the alternative, for a temporary special testing allowable, Lea County, New Mexico. Applicant seeks an order promulgating special pool rules for the Paddock Pool, located in portions of Townships 21 and 22 South, Ranges 36, 37 and 38 East, including a provision for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil. **IN THE ALTERNATIVE**, the applicant seeks an order establishing a special one-year testing allowable for its Lockhart A-27 Lease comprising the N/2 of Section 27, Township 21 South, Range 37 East, whereby each pool well in the project area may be produced at its capacity up to a limiting gas-oil ratio of 6000 to one; further any production in excess of the limits set forth in General Rules 505 and 506 would not constitute overproduction for the one-year testing period. Said project area is located approximately one mile northeast of Eunice, New Mexico.