

Dockets Nos. 1-90 and 2-90 are tentatively set for January 10 and 24, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 27, 1989

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

██████████ (Reopened and Readvertised)

Application of Harvey E. Yates Company for an exception to Division Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas from its Lusk "16" State Lease into an unlined pit to be located in the SW/4 of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico. Said area is located approximately 7 miles north of Laguna Toston. This case was heard at the October 18, 1989 hearing, resulting in Division Order No. R-9052, dated November 21, 1989. Due to inadvertence this case was erroneously advertised for and said order reflected that this matter was in Eddy County, New Mexico. In the absence of objection, this case will be taken under advisement.

CASE 9078: (Reopened) (This case will be continued to January 10, 1990.)

In the matter of Case 9078 being reopened pursuant to the provisions of Division Order Nos. R-8450 and R-8450-A, both concerning the Southwest Osudo-Wolfcamp Gas Pool in Lea County, New Mexico. BTA Oil Producers may appear and present evidence as to the exact nature of the reservoir and more particularly, as to the proper rate of withdrawal from the Southwest Osudo-Wolfcamp Gas Pool if it is indeed determined to be a retrograde gas condensate reservoir.

CASE 9845: Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Tamano-Bone Spring Pool underlying the SE/4 SW/4 (Unit N) of Section 1, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County Line.

CASE 9846: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 35, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Pool, and the SE/4 SE/4 of said Section 35 forming 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 includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South and East lines (Unit P) 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 unit is located approximately 7.5 miles west by north of Seven Rivers, New Mexico.

CASE 9847: Application of Yates Petroleum Corporation for unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2310 feet from the North and West lines (Unit F) of Section 14, Township 17 South, Range 37 East, Undesignated Humble City-Strawn Pool or Undesignated South Humble City-Strawn Pool, the E/2 NW/4 of said Section 14 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for either pool. Said unit is located approximately 2.75 miles north by west of Humble City, New Mexico.

CASE 9810: (Readvertised)

Application of Yates Drilling Company for waterflood projects, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the proposed Cactus Queen (Statutory) Unit Area (Division Case No. 9809) underlying the SW/4 SW/4 of Section 26, the NE/4 SW/4, S/2 SW/4, and SE/4 of Section 27, the N/2 N/2 and SE/4 NE/4 of Section 34 and the NW/4 NW/4 of Section 35, all in Township 12 South, Range 31 East, by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool through six certain wells all within said Unit Area. IN THE ALTERNATIVE, the applicant seeks to institute two waterflood projects adjacent to one another in this same general area; the first to be in the proposed Cactus Queen (Voluntary) Unit Area (Division Case No. 9823) underlying the NE/4 SW/4, S/2 SW/4, and W/2 SE/4 of Section 27 and the NW/4 NE/4 and N/2 NW/4 of Section 34, both in Township 12 South, Range 31 East, by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool through three certain wells within said Unit Area; and, the second to be on the "Doyle" Fee Lease comprising the SW/4 SW/4 of Section 26, the E/2 SE/4 of Section 27, and the NE/4 NE/4 of Section 34, all in Township 12 South, Range 31 East, by the injection of water into said pool through three certain wells within said lease. The aforementioned area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9838: (Continued from December 13, 1989, Examiner Hearing)

Application of Parker Drilling Company for the institution of gas prorationing and the adoption of Special Rules for the Pitchfork Ranch-Atoka Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Pitchfork Ranch-Atoka Gas Pool in all or portions of Sections 28, 32, 33 and 34 of Township 24 South, Range 34 East, and Sections 3, 4, 5, and 10, Township 25 South, Range 34 East, to reasonable market demand and to the capacity of gas transportation facilities, and that Special Rules and Regulations be adopted for the pool including provisions for allocating the allowable production among the wells in the pool on a 100% surface acreage basis. Said area is located approximately 17 miles west-northwest of Jal, New Mexico.

CASE 9812: (Continued from December 13, 1989, Examiner Hearing)

Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 479 to be drilled 1310 feet from the South line and 2300 feet from the West line (Unit N) of Section 29, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9813: (Continued from December 13, 1989, Examiner Hearing)

Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9848: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Hat Mesa-Delaware Pool. The discovery well is the Strata Production Company New Mexico A Federal Well No. 1 located in Unit F of Section 4, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 3, 4, 5 and 6

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Northwest Jenkins-San Andres Pool. The discovery well is the Kerr-McGee Corporation McMillen Well No. 1 located in Unit O of Section 3, Township 9 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
Section 3: SE/4