

Dockets Nos. 9-90 and 10-90 are tentatively set for March 21, 1990 and April 4, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 7, 1990
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1990, from fourteen prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9732: (Reopened and Readvertised)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 401.20-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 8, 9, 10 and 11, N/2 SE/4, and the SE/4 SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the existing Allison Unit Well No. 103 located at a standard coal gas well location 1795 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10, which is approximately 1/2 mile southwest of Mile Corner No. 248 located on the Colorado/New Mexico state line. This case was originally heard at the August 23, 1989 hearing and was subsequently reopened at the October 4, 1989 hearing to correct an error in the subject well location; Order Nos. R-8995 and R-8995-A were issued as a result of both hearings. Due to inadvertence, the advertisement for both hearings and both orders contained an erroneous description of the non-standard gas proration unit. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 9880: Application of Merrion Oil & Gas Corporation for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project on its Papers Wash Cooperative Agreement Unit Area underlying portions of Sections 15 and 16, Township 19 North, Range 5 West, by the injection of water into the Papers Wash-Entrada Oil Pool through the Navajo Allotted "15" Well No. 3 located 2310 feet from the South line and 2000 feet from the West line (Unit K) of said Section 15. Said project area is located approximately 22 miles northwest of San Luis, New Mexico.

CASE 9870: (Continued from February 21, 1990, Examiner Hearing.)

Application of Siete Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Parkway-Bone Spring Pool including a provision for a limiting gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in Section 34, Township 19 South, Range 29 East and Sections 2 and 3, Township 20 South, Range 29 East, which is located approximately 5.5 miles north by west of the junction of U.S. Highway 62/180 and old New Mexico State Highway 31.

CASE 9881: Application of Richmond Petroleum, Inc. for 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 Federal 31-4-32 Well No. 2 to be drilled 1617 feet from the South line and 1939 feet from the West line (Unit K) of Section 32, Township 31 North, Range 4 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 32 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 10 miles south of Mile Corner No. 233 located on the New Mexico/Colorado Stateline.

CASE 9819: (Continued from February 21, 1990, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9882: Application of Controlled Recovery, Inc. for an oil treating plant permit and for surface waste disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for construction and operation of the surface waste disposal facility and an oil treating plant for the purpose of treating and reclaiming sediment oil and for the collection, disposal, evaporation or storage of produced water, drilling fluids, drill cuttings, completion fluids and other oil field related waste in unlined surface pits, at a site in the S/2 N/2 and the N/2 S/2 of Section 27, Township 20 South, Range 32 East. This site is located on either side of U.S. Highway 62/180 at Mile Marker No. 66.

CASE 9883: Application of BTA Oil Producers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Pardue "C" 8808 JV-P Well No. 1 to be drilled 176 feet from the South line and 1550 feet from the West line (Unit M) of Section 11, Township 23 South, Range 28 East, to test the Undesignated East Loving-Delaware Pool, the SE/4 SW/4 of said Section 11 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1/4 mile southwest of the Harroun Dam.

CASE 9873: (Continued from February 21, 1990, Examiner Hearing.)

Application of Tahoe Energy, Inc. for an unorthodox gas well location, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Jalmat Gas Pool to form a non-standard 160-acre gas spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 12, Township 23 South, Range 36 East. Said unit is to be simultaneously dedicated to the existing King Gas Com "WN" Well No. 1 located at a standard gas well location 2310 feet from the South line and 990 feet from the West line (Unit L) of said Section 12 and to the proposed Cochise Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the North line and 1600 feet from the West line (Unit F) of said Section 12. Said unit is located approximately 14 miles north by west of Jal, New Mexico.

CASE 9878: (Readvertised)

Application of Chevron USA Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4, and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool. Said unit is to be simultaneously dedicated to the Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8, respectively. Said area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9884: Application of OXY USA, Inc. for compulsory pooling, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool formation underlying the SE/4 of Section 5 and the NE/4 NE/4 of Section 8 all in Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, said unit to be simultaneously dedicated to the existing Laughlin "B" Well No. 5 located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and to the plugged and abandoned Laughlin "B" Well No. 1 to be re-entered and recompleted in the Eumont at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 5. Also to be considered will be the cost of re-entering and recompleting the Laughlin "B" Well No. 1 and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the unit and a charge for risk involved in the re-entering and recompletion of said well. Said unit is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9885: Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying either the SE/4 SW/4 of Section 5 and the E/2 W/2 of Section 8, Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the SE/4 SW/4 of said Section 5 and the N/2 NE/4, and NE/4 NW/4 of said Section 8, forming a non-standard 160-acre gas spacing and proration unit for said pool. In either instance the applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt "B-8" Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a second well to be drilled at a standard gas well location within the applicable non-standard unit. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom its cost of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such infill well, plus an equitable and proper percentage of the value of the existing wellbore of said Britt "B-8" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9886: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, establishing a discovery allowable, abolishing and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Bandana Point-Strawn Gas Pool. The discovery well is the Yates Energy Desert Rose Fed. Well No. 1 located in Unit I of Section 27, Township 23 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Section 27: E/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the La Huerta-Delaware Pool. The discovery well is the Ray Westall, Myrtle Myra Well No. 1 located in Unit C of Section 16, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 16: NW/4

In addition, a discovery allowable of 24,865 barrels of oil shall be assigned to this well. This amount is to be produced over a two-year period and is over and above the daily top allowable.

- (c) Abolish the Boyd-Canyon Pool in Eddy County, New Mexico, in order to place abolished acreage into the North Dagger Draw-Upper Pennsylvanian Pool.
- (d) Extend the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 14: NW/4
Section 15: All

~~CASE 9887~~ (Continued from March 7, 1990, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying either the SE/4 SW/4 of Section 5 and the E/2 W/2 of Section 8, Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the SE/4 SW/4 of said Section 5 and the N/2 NE/4 and NE/4 NW/4 of said Section 8, forming a non-standard 160-acre gas spacing and proration unit for said pool. In either instance the applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt "B-8" Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a second well to be drilled at a standard gas well location within the applicable non-standard unit. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom its cost of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such infill well, plus an equitable and proper percentage of the value of the existing wellbore of said Britt "B-8" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

- CASE 9895: Application of Richmond Petroleum, Inc. for compulsory pooling and an unorthodox coal gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Irregular Section 11, Township 32 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a non-standard coal gas well location 1800 feet from the South line and 230 feet from the West line (Unit L) 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 1/2 mile south of Astronomical Monument No. 8 located on the Colorado/New Mexico Stateline.
- CASE 9896: Application of Siete Oil & Gas Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Scottsdale Federal Lease underlying the NE/4 of Section 27, Township 18 South, Range 31 East, by the injection of water into the Shugart Yates-Seven Rivers-Queen-Grayburg Pool through the perforated interval from approximately 2475 feet to 3707 feet in its Scottsdale Federal Well No. 2 located 330 feet from the North line and 990 feet from the East line (Unit A) of said Section 27. Said well is located approximately 10 miles southeast of Loco Hills, New Mexico.
- CASE 9897: Application of Siete Oil & Gas Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Sackett Federal Lease underlying the S/2 SW/4 and SW/4 SE/4 of Section 29, Township 17 South, Range 29 East, by the injection of water into the Grayburg Jackson Pool through the perforated interval from approximately 2300 feet to 3220 feet in its Sackett Federal Well No. 2 located 660 feet from the South line and 1650 feet from the West line (Unit N) of said Section 29. Said well is located approximately 7 miles west by south of Loco Hills, New Mexico.
- CASE 9898: Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 SW/4 and SE/4 of Section 5 and the NE/4 NE/4 and NE/4 NW/4 of Section 8, all in Township 20 South, Range 37 East, forming a non-standard 280-acre gas spacing and proration unit for said pool. The applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt-Laughlin Com. Well No. 5 (formerly the Oxy USA, Inc. Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5 and to the existing Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a third well to be drilled at an undetermined location in the SE/4 of said Section 5. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom his costs of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, and an equitable and proper percentage of the value of the existing wellbores of applicant's Britt-Laughlin Com. Well Nos. 1 and 5, and all costs of supervision and operation of such non-standard gas proration unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.
- CASE 9884: (Continued from March 7, 1990, Examiner Hearing)
- Application of OXY USA, Inc. for compulsory pooling, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 of Section 5 and the NE/4 NE/4 of Section 8, all in Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, said unit to be simultaneously dedicated to the existing Laughlin "B" Well No. 5 located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and to the plugged and abandoned Laughlin "B" Well No. 1 to be re-entered and recompleted in the Eumont Gas Pool at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 5. Also to be considered will be the cost of re-entering and recompleting the Laughlin "B" Well No. 1 and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the unit and a charge for risk involved in the re-entering and recompletion of said well. Said unit is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9897: (Continued from March 21, 1990, Examiner Hearing.)

Application of Siete Oil & Gas Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Sackett Federal Lease underlying the S/2 SW/4 and SW/4 SE/4 of Section 29, Township 17 South, Range 29 East, by the injection of water into the Grayburg Jackson Pool through the perforated interval from approximately 2300 feet to 3220 feet in its Sackett Federal Well No. 2 located 660 feet from the South line and 1650 feet from the West line (Unit M) of said Section 29. Said well is located approximately 7 miles west by south of Loco Hills, New Mexico.

CASE 9878: (Continued from March 21, 1990, Examiner Hearing.)

Application of Chevron USA Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4, and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool. Said unit is to be simultaneously dedicated to the Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8, respectively. Said area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9885: (Continued from March 21, 1990, Examiner Hearing.)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying either the SE/4 SW/4 of Section 5 and the E/2 W/2 of Section 8, Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the SE/4 SW/4 of said Section 5 and the N/2 NE/4 and NE/4 NW/4 of said Section 8, forming a non-standard 160-acre gas spacing and proration unit for said pool. In either instance the applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt "B-8" Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a second well to be drilled at a standard gas well location within the applicable non-standard unit. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom its cost of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such infill well, plus an equitable and proper percentage of the value of the existing wellbore of said Britt "B-8" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9898: (Continued from March 21, 1990, Examiner Hearing.)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 SW/4 and SE/4 of Section 5 and the NE/4 NE/4 and NE/4 NW/4 of Section 8, all in Township 20 South, Range 37 East, forming a non-standard 280-acre gas spacing and proration unit for said pool. The applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt-Laughlin Com. Well No. 5 (formerly the Oxy USA, Inc. Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line (Unit D) of said Section 5 and to the existing Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1) located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a third well to be drilled at an undetermined location in the SE/4 of said Section 5. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom his costs of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, and an equitable and proper percentage of the value of the existing wellbores of applicant's Britt-Laughlin Com. Well Nos. 1 and 5, and all costs of supervision and operation of such non-standard gas proration unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9906: 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 Lea County, New Mexico.

- a. CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yeso production and designated as the Humble City-Yeso Pool. The discovery well is the Yates Petroleum Corporation Humble City ADH Well No. 1 located in Unit 0 of Section 11, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4

- b. EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 29: W/2
Section 32: NW/4

- c. EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 13: NE/4

- d. EXTEND the Denton-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 37 EAST, NMPM
Section 25: NW/4

e. EXTEND the South Flying M-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4

f. EXTEND the Flying M-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 4: SW/4
Section 5: SE/4
Section 9: NW/4

g. EXTEND the Gem-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 31: SE/4
Section 32: S/2

h. EXTEND the Hat Mesa-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 1, 2, 7 and 8

i. EXTEND the King-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 37 EAST, NMPM
Section 1: W/2

j. EXTEND the Lane-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 26: SE/4

k. EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 6: N/2

l. EXTEND the Skaggs-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 15: S/2

m. EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 22: N/2
Section 23: NW/4

n. EXTEND the Young-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 16: NE/4

NOTICE

NOTICE

NOTICE

COMMENTS IN CASE 9018 SCHEDULED TO BE HEARD BEFORE THE OIL CONSERVATION COMMISSION ON MAY 24, 1990, WILL BE ACCEPTED BY THE COMMISSION UNTIL THE TIME OF THE HEARING. TESTIMONY AND ORAL OR WRITTEN COMMENTS MAY BE PRESENTED AT THE HEARING. SAID CASE 9018 CONCERNS THE AMENDMENT OF RULE 11(b) OF ORDER NO. R-8170-A RELATING TO OVERPRODUCTION LIMITS.

MONTGOMERY & ANDREWS

OF COUNSEL
William R. Federici

PROFESSIONAL ASSOCIATION
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APR 8 35

April 2, 1990

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REPLY TO SANTA FE OFFICE

William J. LeMay, Director
Oil Conservation Division
State Land Office Building
Post Office Box 2088
Santa Fe, New Mexico 87503

M.S. de
CASE FILE
9885

Re: Application of Doyle Hartman for Unorthodox Gas Well
Location; OCD Case 9885

Dear Mr. LeMay:

As counsel for Amerada Hess Corporation, a party interested in the above-referenced action, I am writing to express some procedural concerns which have developed relating to this case and to request your assistance.

On two occasions when this case has previously been docketed, I have received copies of letters addressed to the Division, copies of letters attached, which indicate that the applicant Doyle Hartman is going to dismiss the above-referenced case. In each instance, when this case has been called for hearing, the applicant has requested that it be continued.

Amerada Hess Corporation is interested in only one of the two alternatives set forth in the application in this matter. Amerada Hess is effected by the proposal to form a non-standard two hundred acre gas spacing and proration unit and does not object to the alternative 160 acre non-standard gas spacing and proration unit.

William J. LeMay, Director
April 2, 1990
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In view of the continuing representations that this case will be dismissed and the serial continuances of this case, Amerada Hess requests that any request for further continuance of this case be denied and that the case be dismissed. In the event that the applicant should later decide to pursue this matter, he will of course be able to file a new application and give notice to all effected parties.

Thank you for your consideration of this request.

Sincerely,



W. Perry Pearce

WPP/rmm/74
Enclosures

cc: Robert G. Stovall, Esquire
Harry Nutter, Esquire
William F. Carr, Esquire
David Castro, Esquire

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RECEIVED-21

FEB 28 1990

Montgomery ET AL

J. E. Gallegos
George F. Bingham*
Michael L. Oja**
Joanne Reuter
Mary E. Walta †
Harry T. Nutter
Mary Ann R. Burmester***

February 27, 1990

VIA HAND DELIVERY

William J. LeMay, Director
Oil Conservation Division
Energy, Minerals & Natural Resources Department
State Land Office Building
Old Santa Fe Trail
P.O. Box 2208
Santa Fe, New Mexico 87504

RECEIVED

FEB 27 1990

OIL CONSERVATION DIV.
SANTA FE

RE: Application of Doyle Hartman for Approval of a 280-Acre Non-Standard Gas Proration Unit, Compulsory Pooling and Simultaneous Dedication for the Eumont Gas Pool, Lea County, New Mexico.

Dear Mr. LeMay:

Enclosed for filing please find the original and two copies of the referenced Application and an additional copy which we request you stamp as received and return to us for our file. Pursuant to Rule 1207(a) 1 and 3 of the Rules on Procedure, we have notified by certified mail, return receipt requested, those parties listed on Exhibit "B" to the Application as stated therein. We will provide the certificates or return receipts evidencing such notification, or attempted notification, at the hearing on the Application. We respectfully request you publish notice of the enclosed Application according to Rules 1204 and 1205 and place the enclosed Application on the docket for hearing before an Examiner on March 21, 1990.

Please be advised that, pursuant to the letter agreements referenced on Exhibit "B" of the enclosed Application, Doyle Hartman has reached definitive written agreements to acquire the working interest of Oxy USA, Inc. ("Oxy") within the SE/4 of Section 5 and the NE/4 NE/4 of Section 8, as well as the working interest of Oryx Energy Company ("Oryx") in the NE/4 SE/4 of Section 5, all in Township 20 South, Range 37 East, Lea County New Mexico. Oxy had previously applied to the Division in Case No. 9884 for a non-standard Eumont gas proration unit consisting of 200 acres, being the SE/4 of said Section 5 and the NE/4 NE/4 of said Section 8. Because Hartman has now acquired the working interests previously held by Oxy and Oryx in those tracts and has included such acreage within the 280-acre non-standard Eumont gas proration proposed in the enclosed Application, we expect Oxy to withdraw its Application No. 9884. In the event Oxy fails to do so, we respectfully request the Division to dismiss Application No. 9884 prior to its scheduled hearing on March 7, 1990.

*Also admitted in the District of Columbia

**Also admitted in California

***Also admitted in Texas

† Admitted only in Colorado

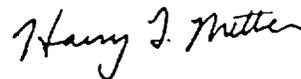
William J. LeMay, Director
February 27, 1990
Page Two

Reference is made to our letter dated February 13, 1990, a copy of which is attached for your convenience, in which we filed an Application on behalf of Doyle Hartman for a 200-acre, or in the alternative a 160-acre, non-standard Eumont gas proration unit, which Application was subsequently assigned Case No. 9885. We also requested in that letter that such Application be set for hearing on March 7, 1990, and consolidated with the Application filed by Chevron USA, Inc. ("Chevron") in Case No. 9878, which had been postponed from February 21 until the March 7th hearing docket. We hereby withdraw Application No. 9885 and request that it be dismissed at the hearing on March 7, 1990. Reference is also made to the letter from Doyle Hartman to you dated January 18, 1990, a copy of which is also attached for your convenience, in which Doyle Hartman objected to Chevron's Application No. 9878. Please be advised that Doyle Hartman has no objection to the formation of the 160-acre non-standard Eumont gas proration unit as proposed in Chevron's Application No. 9878 and hereby withdraws his objection as stated in the previous correspondence dated January 18, 1990.

Your prompt attention to these matters will be appreciated.

Sincerely,

GALLEGOS LAW FIRM



By

HARRY T. NUTTER

HTN:ap

Enclosures

cc: Doyle Hartman, Oil Operator (w/enc.)
Dan Nutter (w/enc.)

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

IN THE MATTER OF THE APPLICATION OF
DOYLE HARTMAN, OIL OPERATOR FOR
APPROVAL OF A NON-STANDARD GAS
PRORATION UNIT, COMPULSORY POOLING
AND SIMULTANEOUS DEDICATION
FOR THE EUMONT POOL, LEA COUNTY,
NEW MEXICO

RECEIVED

FEB 27 1998 Case No. _____

OIL CONSERVATION DIV.
SANTA FE

APPLICATION

Applicant DOYLE HARTMAN, OIL OPERATOR hereby applies to the Oil Conservation Division ("Division") for an order approving the creation of a proposed non-standard proration unit for the Eumont Gas Pool consisting of 280 acres, comprising portions of Sections 5 and 8, Township 20 South, Range 37 East, Lea County, New Mexico. Pursuant to §70-2-17 N.M.S.A. 1978, Applicant also applies to the Division for an order that both pools all mineral interests in the Eumont Gas Pool in and under the proposed 280-acre non-standard gas proration unit as well as simultaneously dedicates those interests to the existing wells and a proposed new infill well located thereon. In support thereof, Applicant would show the Division, as follows:

1. Applicant is a working interest owner in the SE/4 and the SE/4 SW/4 of Section 5, and the NE/4 NW/4 and NE/4 NE/4 of Section 8, T20S, R37E, Lea County, New Mexico and has the right to drill, develop or otherwise produce such tracts.
2. Applicant proposes the creation of a non-standard gas proration unit consisting of 280 acres, being the SE/4 and the SE/4 SW/4 of

Section 5 and the NE/4 NW/4 and the NE/4 NE/4 of Section 8, all in T20S, R37E, Lea County, New Mexico, as shown on Exhibit "A" attached hereto.

3. The creation of the non-standard gas proration unit is necessary to prevent waste and protect correlative rights.
4. Applicant proposes to simultaneously dedicate all production from the Eumont Gas Pool in the proposed non-standard gas proration unit to his Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1), located 660 feet from the North line and 1980 feet from the West line of said Section 8, and to his Britt-Laughlin Com. Well No. 5 (formerly the Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line of said Section 5, and to one additional infill well to be drilled somewhere in the approximate center of the SE/4 of said Section 5, at a location to be determined later.
5. The pooling of mineral interests within the non-standard gas proration unit to be so created will avoid the drilling of unnecessary wells, prevent waste, protect correlative rights and permit all parties to obtain their just and fair share of the Eumont production underlying such unit.
6. Pursuant to the applicable notice requirements, Applicant has notified by certified mail, return receipt requested, all parties listed on Exhibit "B" attached hereto of this application and the date of the hearing requested below.

WHEREFORE, Applicant prays this matter be set for hearing before a duly appointed Examiner of the Division on March 21, 1990, and, after the notice and hearing required by law, that the Division enter an order approving the creation of the non-standard gas proration unit proposed herein and also approving the pooling of the mineral interests therein for the Eumont Gas pool. Applicant further prays he be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom his costs of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, and an equitable and proper percentage of the value of the existing wellbores of applicant's Britt-Laughlin Com. Well Nos. 1 and 5, and all costs of supervision and operation of such non-standard gas proration unit, and that such order also provide for any other relief which may be deemed equitable and proper.

Respectfully submitted,

GALLEGOS LAW FIRM

By *Harry T. Nutter*
J.E. GALLEGOS
HARRY T. NUTTER
141 East Palace Avenue
Santa Fe, New Mexico 87501
(505) 983-6686

ATTORNEYS FOR DOYLE
HARTMAN, OIL OPERATOR

Amerada Hess Corp.
 P.O. Box 2040
 Tulsa, Oklahoma 74102
 Mr. Jim Crandall
 Mr. G.E. Miller

Marathon Oil Co.
 P.O. Box 552
 Midland, Texas
 Mr. John F. Strong

Texaco Producing Co.
 P.O. Box 3109
 Midland, Texas 79702
 Mr. Steve Chandler

Amerada Hess Corp.
 P.O. Box 2040
 Tulsa, Oklahoma 74102
 Mr. Jim Crandall
 Mr. G.E. Miller

E.S. Adkins #3

Bertha Barber #11

J.W. Cooper #5

M-05-20S-37E

D-05-20S-37E

G-05-20S-37E

SW/4 Sec. 5,
 T-20-S, R-37-E

S/2 SW/4 Sec. 32,
 T-19-S, R-37-E, NW/4 &
 N/2 SW/4 Sec. 5,
 T-20-S, R-37-E

NE/4 Sec. 5, T-20-S,
 R-37-E & S/2 SE/4 Sec.
 32, T-19-S, R-37-E

E/2 SW/4 Sec. 8,
 T-20-S, R-37-E

40

320

240

80

WORKING INTEREST OWNERS TO BE FORCED POOLED IN
 PROPOSED 280-ACRE NON-STANDARD GAS PRODUCTION UNIT IN
 SECTIONS 5 AND 8, T20S, R37E, LEA COUNTY, NEW MEXICO

Section 5: SE/4 SW/4

Union Texas Petroleum
 P.O. Box 2120
 Houston, Texas 77252-2120
 Mr. Rod Cranford

Doyle Hartman
 P.O. Box 10426
 Midland, Texas 79701

James A. Davidson
 P.O. Box 494
 Midland, Texas 79702

Phillips Petroleum Company
 4001 Penbrooke
 Odessa, Texas 79761
 Mr. Frank Hulise

Section 5: SE/4, SW/4 (cont.)

James E. Burr
P.O. Box 50233
Midland, Texas 79701

Ruth Sutton
2826 Moss
Midland, Texas 79702

Jack Fletcher
P.O. Box 10887
Midland, Texas 79702

Larry Nermyr
P.O. Box 4106
Sidney, Montana 59220

Section 5: SE/4

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710
Mr. Charles Dickinson

NOTE: This interest is
subject to a letter agreement
dated February 20, 1990,
between Doyle Hartman and
Oxy USA, Inc. for the sale
of the interest of Oxy USA, Inc.
to Doyle Hartman.

Section 5: NE/4, SE/4

Oryx Energy Company
P.O. Box 1861
Midland, Texas 79702

NOTE: This interest is
subject to a letter agreement
dated February 20, 1990,
as amended February 23, 1990,
between Doyle Hartman and
Oryx Energy Company for
the sale of the interest of
Oryx Energy Company to
Doyle Hartman.

Section 8: NE/4 NW/4

Doyle Hartman

Section 8: NE/4 NE/4

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710
Mr. Charles Dickinson

NOTE: This interest is
subject to a letter agreement
dated February 20, 1990,
between Doyle Hartman and
Oxy USA, Inc. for the sale
of the interest of Oxy USA, Inc,
to Doyle Hartman.

EXHIBIT "B"

Attached to and made part of the Application by Doyle Hartman, Oil Operator for Approval of a Non-Standard Gas Proration Unit, Compulsory Pooling and Simultaneous Dedication for the Eumont gas Pool, Lea County, New Mexico

OFFSET EUMONT (GAS) OPERATORS AND PRORATION UNITS
TO THE PROPOSED 280-ACRE NON-STANDARD
GAS PRORATION UNIT, SECTIONS 5 AND 8,
T20S, R37E, LEA COUNTY, NEW MEXICO

<u>OPERATOR & ADDRESS</u>	<u>LEASE & WELL NAME(S)</u>	<u>GAS WELL LOCATION(S)</u>	<u>UNIT DESCRIPTION</u>	<u>NUMBER OF ACRES</u>
Oxy USA, Inc. P.O. Box 50250 Midland, Texas 79710 Mr. Charles Dickinson	Laughlin "B" #5	0-05-20S-37E	SE/4 Sec. 5, T-20-S, R-37-E	160
NOTE: This unit is to be included in the proposed 280-acre non-standard Eumont proration unit and is subject to a letter agreement dated February 20, 1990, between Doyle Hartman and Oxy USA, Inc., for the sale of the interest of Oxy USA, Inc. to Doyle Hartman.				
Exxon USA Mr. D. Mendell, 111 P.O. Box 1600 Midland, Texas 79702	Eumont Gas "Com-1" #1 Eumont Gas "Com-1" #2	J-04-20S-37E L-04-20S-37E	Sec. 4, T-20-S, R-37-E	640
Amerada Hess Corp. P.O. Box 2040 Tulsa, Oklahoma 74102 Mr. G.E. Miller	V. Laughlin #4	A-09-20S-37E	N/2 N/2 Sec. 9, T-20-S, R-37-E	160
Marathon Oil Co. P.O. Box 552 Midland, Texas 79702 Mr. John F. Strong	W.H. Laughlin #3	G-09-20S-37E	S/2 N/2 Sec. 9, T-20-S, R-37-E	160
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Mr. Ray Vaden	Theodore Anderson #1	0-08-20S-37E	SE/4 Sec. 8, T-20-S, R-37-E	160
Arco Oil & Gas Co. P.O. Box 1610 Midland, Texas 79702	Barber Gas "Com" #1	E-08-20S-37E	E/2 E/2 Sec. 7 & W/2 W/2 Sec. 8, T-20-S, R-37-E	320

GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue
Santa Fe, New Mexico 87501
505 • 983 • 6686
Telefax No. 505 • 986 • 0741

J. E. Gallegos
George F. Bingham*
Michael L. Oia**
Joanne Reuter
Mary E. Walta†
Harry T. Nutter
Mary Ann R. Burmester***

March 20, 1990

VIA HAND DELIVERY

William J. LeMay, Director
Oil Conservation Division
Energy, Minerals & Natural Resources Department
State Land Office Building
Old Santa Fe Trail
P.O. Box 2208
Santa Fe, New Mexico 87504

RE: New Mexico Oil Conservation Division Application Nos. 9898, 9885,
9884 and 9878

Dear Mr. LeMay:

On behalf of Doyle Hartman, Oil Operator we hereby request that his Application No. 9898, presently scheduled for hearing on the March 21, 1990 Examiner docket, be rescheduled for the April 4, 1990 Examiner docket because pending business matters will prevent the counsel and witnesses for Hartman from attending tomorrow's hearing. Additionally, we request that Application No. 9885 be continued until the April 4, 1990 Examiner docket at which time we expect to dismiss Application No. 9885. We respectfully request you readvertise Application Nos. 9898 and 9885 for hearing on the April 14, 1990 Examiner docket.

By the attached letter, we have been advised by counsel for Oxy USA, Inc. of the dismissal of their Application No. 9884. We have also been advised by counsel for Chevron USA, Inc. that they have requested their Application No. 9878, which has previously been heard by the Division and continued indefinitely, be set for hearing on the April 4, 1990 docket. Therefore all the referenced applications

*Also admitted in the District of Columbia

**Also admitted in California

***Also admitted in Texas

† Admitted only in Colorado

William J. LeMay, Director
March 20, 1990
Page Two

concerning the creation of non-standard Eumont Gas Pool proration units within Sections 5 and 8, T20S, R37E, Lea County, New Mexico, can be considered by the Division at the April 14, 1990 hearing, with the exception of Cxy's Application No. 9884 which has been dismissed per the attached letter.

Thank you for your cooperation in this matter.

Very truly yours,

GALLEGOS LAW FIRM


By
HARRY T. NUTTER

HTN:ap

Attachments

cc: Doyle Hartman, Oil Operator (w/attachment)
Dan Nutter (w/attachments)
William F. Carr, Esq. (w/attachments)

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

RECEIVED
JAN 21 1990

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TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

March 20, 1990

HAND-DELIVERED

William J. LeMay, Director
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

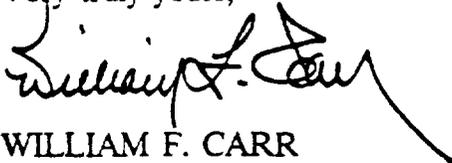
Re: Oil Conservation Commission Case 9884
Application of OXY USA, Inc. for Compulsory Pooling, Non-Standard Gas
Proration Unit and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. LeMay:

I would appreciate the Division dismissing the above-referenced hearing presently scheduled on the March 21, 1990 Examiner docket.

Your assistance in this matter is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: ✓ Harry Nutter, Esq.
W. Perry Pearce, Esq.