

Dockets Nos. 10-90 and 11-90 are tentatively set for April 4 and 18, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 21, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 9882: (Readvertised)

Application of Controlled Recovery, Inc. for an oil treating plant permit, for surface water disposal, and an exception to Order No. R-3221, 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 9880: (Continued from March 7, 1990, Examiner Hearing)

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 Alloted "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 9863: (Continued from February 21, 1990, Examiner Hearing)

Application of Hixon Development Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the E/2 W/2 of Section 7, Township 25 North, Range 12 West, forming a standard 317.28-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 7. 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 miles south-southwest of El Paso Natural Gas Company's Chaco Plant.

CASE 9887: Application of Hixon Development Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 17, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location 790 feet from the North and East lines (Unit A) of said Section 17. 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 south by west of El Paso Natural Gas Company's Chaco Plant.

CASE 9888: Application of Conoco Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the North Dagger Draw-Upper Pennsylvanian Pool underlying the SE/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre oil spacing and proration unit for said pool, to be dedicated to its existing Dee State Well No. 1 located at a standard oil well location 1980 feet from the South and East lines (Unit J) of said Section 36 (said well is presently completed in the Cemetery-Morrow Gas Pool). Also to be considered will be the cost of re-entering, recompleting, equipping and operating 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 re-entering and recompleting said well. Said unit is located approximately 13 miles west by north of Seven Rivers, New Mexico.

CASE 9889: Application of Meridian Oil, Inc. for temporary well testing allowable for certain wells in the Parkway-Delaware Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to conduct a special 90-day flow test on selected wells in the Parkway-Delaware Pool located in all or portions of Sections 26, 35, and 36, Township 19 South, Range 29 East, and Section 31, Township 19 South, Range 30 East, for the purpose of gathering data to determine the most efficient producing rate for said pool. This subject area is located approximately 14 miles south by west of Loco Hills, New Mexico.

- CASE 9890: Application of Bird Creek Resources, Inc. 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 Delaware formation underlying the NE/4 NE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard location 535 feet from the North and East lines (Unit A) of said Section 15. 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 2.5 miles northeast of Loving, New Mexico.
- ~~CASE 9891:~~ Application of Bird Creek Resources, Inc. 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 Delaware formation underlying the NE/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard location 2105 feet from the South line and 560 feet from the East line (Unit I) of said Section 15. 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 east-northeast of Loving, New Mexico.
- CASE 9892: Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet down to the top of the Mississippian Chester Limestone formation, or to a depth of 11,200 feet, whichever is deeper, underlying the E/2 of Section 12, Township 17 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, which presently includes but is not necessarily limited to the Undesignated Anderson-Pennsylvanian Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location 2180 feet from the North line and 1980 feet from the East line (Unit G) of said Section 12. 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 3.25 miles northwest of Hoco Hills, New Mexico.
- CASE 9893: Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the W/2 of Section 28, Township 18 South, Range 27 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, which presently includes but is not necessarily limited to either the Undesignated Red Lake-Pennsylvanian Gas Pool or the Undesignated Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to its Trigg "28" Federal Well No. 1 to be drilled at a standard gas well location 2030 feet from the North line and 1980 feet from the West line (Unit F) of said Section 28. 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 4 miles west by north of the Old Illinois Oil Camp.
- CASE 9881: (Readvertised)
- 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 617 feet from the South line and 1939 feet from the West line (Unit N) 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 9894: Application of Richmond Petroleum, Inc. for compulsory pooling, unorthodox coal gas well location, and a non-standard gas spacing and proration unit, 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 Lots 1 through 4 and the S/2 N/2 of Irregular Section 11, Township 32 North, Range 6 West, forming a non-standard 232.80-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 1130 feet from the North line and 760 feet from the West line (Unit E) 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 bounded to the north by the State of Colorado for one-half mile of either side of Astronomical Monument No. 8 located on the stateline.

- 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 State line.
- 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 9885: (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.