

Dockets Nos. 26-90 and 27-90 are tentatively set for September 19, 1990 and October 3, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 5, 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:

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

CASE 10066: Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 13,600 feet, whichever is deeper, underlying the following described acreage in Section 5, Township 20 South, Range 34 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) to form a standard 320-acre, more or less, 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 Quail Ridge-Morrow Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 NW/4 to form 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 presently includes but is not necessarily limited to the Undesignated South Quail Ridge-Bone Spring Pool). Said units are to be dedicated to a single well to be drilled at a standard 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 underlies the area underneath Mile Marker No. 77 on U.S. Highway 62/180.

CASE 10038: (Continued from August 22, 1990, Examiner Hearing.)

Application of Nassau Resources, Inc. for infill drilling in the Basin-Fruitland Coal Gas Pool on its Carracas Canyon Unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C.II., pursuant to Division Memorandum dated July 27, 1988, by instituting an infill drilling program within its Carracas Canyon Unit Area located in portions of Townships 31 and 32 North, Ranges 4 and 5 West, to drill, complete and produce a second coal gas well within an existing 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool. Said unitized area is located approximately 17 miles west by north of Dulce, New Mexico.

CASE 10058: (Continued from August 22, 1990, Examiner Hearing.)

Application of Phillips Petroleum Company for eight non-standard gas proration units and seven unorthodox coal gas well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of eight non-standard gas spacing and proration units and seven unorthodox coal gas well locations within its San Juan 32-7 Unit located in Irregular Sections 3, 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said area is located along the Pinos Arm of the Navajo Lake approximately 8 miles north of its Dam.

CASE 10042: (Readvertised)

Application of Meridian Oil, Inc. for six non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8789 to establish six non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 30 and 31, Township 30 North, Range 7 West and Irregular Sections 6, 7, 18, and 19, Township 29 North, Range 7 West. Said row of Sections are located approximately 18 miles east of Blanco, New Mexico.

CASE 10041: (Readvertised)

Application of Meridian Oil, Inc. for five non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8768 to establish five non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 12, 13, 24, 25, and 36, Township 30 North, Range 6 West. Said row of Sections are located approximately 5 to 9 miles north by west of Gobernador, New Mexico.

CASE 10039: (Continued from August 8, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Rosa Unit Well No. 222 drilled at an unorthodox coal gas well location 1910 feet from the North line and 635 feet from the East line (Unit H) of Section 15, Township 31 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, the E/2 of said Section 15 dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This application should also serve to correct all previous well records which had the subject well located at a standard coal gas well location, based upon an original survey made by Northwest Pipeline Corporation, 1880 feet from the North line and 830 feet from the East line (Unit H) of said Section 15. Said proration unit is located approximately 9.5 miles east by south of the Navajo Reservoir Dam.

CASE 10040: (Continued from August 8, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Rosa Unit Well No. 201 drilled at an unorthodox coal gas well location 1640 feet from the North line and 420 feet from the East line (Unit H) of Section 22, Township 31 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, the E/2 of said Section 22 dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This application should also serve to correct all previous well records which had the subject well located at a standard coal gas well location, based upon an original survey made by Northwest Pipeline Corporation, 1230 feet from the North line and 1330 feet from the East line (Unit B) of said Section 22. Said proration unit is located approximately 9.5 miles east of the Navajo Reservoir Dam.

CASE 10021: (Continued from August 22, 1990, Examiner Hearing.) (This case will be dismissed.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its existing Kutz Deep Test Well No. 2 located 990 feet from the South and East lines (Unit P) of Section 28, Township 28 North, Range 10 West, the E/2 of said Section 28 to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 7.25 miles south-southwest of Blanco, New Mexico.

CASE 10055: (Continued from August 22, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its Payne Well No. 271, to be drilled 65 feet from the North line and 300 feet from the East line (Unit A) of Section 27, Township 32 North, Range 10 West, Cedar Hill-Fruitland Basal Coal Pool, Lots 1 through 8 (E/2 equivalent) of said Section 27 to be dedicated to said well to form a non-standard 305.03-acre gas spacing and proration unit for said pool. Said unit is located approximately 1.5 miles northeast of Cedar Hill, New Mexico.

CASE 10056: (Continued from August 22, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8768 to establish three non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 6, 7, 18, 19, and 30, Township 31 North, Range 8 West. Said row of Sections are located approximately 8.5 miles northwest of the Navajo Reservoir Dam.

CASE 10062: (Continued from August 22, 1990, Examiner Hearing.)

Application of OXY USA Inc. for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Central Corbin-Queen Pool, underlying 1561.19 acres, more or less, of Federal and Fee lands comprising portions of Sections 3, 4, 8, 9, and 10, Township 18 South, Range 33 East. Said Unit is to be designated the Central Corbin Queen Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 8 miles southeast of Maljamar, New Mexico.

CASE 10063: (Continued from August 22, 1990, Examiner Hearing.)

Application of OXY USA Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Central Corbin Queen Unit Area (Division Case No. 10062) located in portions of Sections 3, 4, 8, 9, and 10, Township 18 South, Range 33 East, by the injection of water into the Central Corbin Queen Pool through 12 certain wells to be converted from producing Queen oil wells to injection wells. Said area is located approximately 8 miles southeast of Maljamar, New Mexico.

CASE 10064: (Continued from August 22, 1990, Examiner Hearing.)

Application of OXY USA Inc. for pool contraction and extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the horizontal contraction of the Corbin-Queen Pool and the concomitant extension of the Central Corbin-Queen Pool underlying Lots 1 and 2 (N/2 NE/4 equivalent) of Section 4, Township 18 South, Range 33 East, which is located approximately 7 miles southeast by east of Maljamar, New Mexico.

CASE 10067: 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 or to a depth of 6,250 feet, whichever is deeper, underlying the SW/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for either the Undesignated East Loving-Delaware Pool or Undesignated South Loving-Delaware 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 1.5 miles northeast of Loving, New Mexico.

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

RECEIVED  
AUG 1 1990  
OIL CONSERVATION DIVISION

APPLICATION OF OXY USA, INC.  
FOR STATUTORY UNITIZATION,  
LEA COUNTY, NEW MEXICO

CASE NO. 10062

APPLICATION OF OXY USA, INC.  
FOR POOL CONTRACTION AND EXTENSION  
LEA COUNTY, NEW MEXICO

CASE NO. 10063

APPLICATION OF OXY USA, INC.  
FOR A WATERFLOOD PROJECT,  
LEA COUNTY, NEW MEXICO

CASE NO. 10064

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY  
USA, INC. as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

(name, address, phone  
and contact person)

OXY USA, Inc.  
P.O. Box 50250  
Midland, TX 79710  
Attn: Mr. Richard Foppiano  
(915) 685-5913

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN, KELLAHIN & AUBREY  
P.O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

**OPPOSITION OR OTHER PARTY**

(name, address, phone  
and contact person)

**ATTORNEY**

Pre-hearing Statement  
NMOCD Case No. 10062, 10063 and 10064  
Page 2

### STATEMENT OF CASE

#### APPLICANT

(please make a concise statement of what is being sought with this application and the reasons therefore.)

OXY USA, Inc. seeks the approval of a waterflood project in the Central Corbin-Queen Oil Pool and needs the assistance of statutory unitization in order to provide for the effective and efficient control of operations in order to maximize secondary oil recovery on a unit basis, including the approval of the waterflood project and the contraction and expansion of the applicable pools.

#### OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement)

Pre-hearing Statement  
 NMOCD Case No. 10062, 10063 and 10064  
 Page 3

### PROPOSED EVIDENCE

#### APPLICANT

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
Archie Taylor (engineer)	45 min.	Breakdown of remaining reserves
Bob Doty (geologist)	15 min.	Calculations showing unit is profitable
Charles Dickenson (landman)	20 min.	Map of proposed unit Map showing proposed injection wells Breakdown of net porosity-acre-feet Type log of Unitized Formation Data sheet Structure map and isopach Table of production rates Remaining C-108 items Cross section Correspondence relating to efforts to get voluntary unitization Table showing status of WI and RI Letter from BLM Unit Agreement and Unit Operating Agreement

#### OPPOSITION

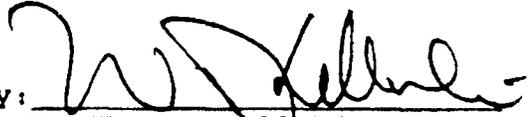
WITNESSES (name and expertise)	EST. TIME	EXHIBITS
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Pre-hearing Statement  
NMOCD Case No. 10062, 10063 and 10064  
Page 4

**PROCEDURAL MATTERS**

(Please identify any procedural matters which need to be resolved prior to the hearing)

**KELLAHIN, KELLAHIN & AUBREY**

By: 

W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 10062 and 10063

**APPLICATION OF**

OXY USA Inc.

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OIL CONSERVATION DIVISION

**PRE-HEARING STATEMENT**

This prehearing statement is submitted by Ernest L. Padilla, Esq.  
as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

**ATTORNEY**

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\_\_\_\_\_  
\_\_\_\_\_  
name, address, phone and  
contact person

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**OPPOSITION OR OTHER PARTY**

**ATTORNEY**

Santa Fe Exploration  
P. O. Box 1136  
Roswell, NM 88202  
(505) 623-2733  
name, address, phone and  
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Ernest L. Padilla  
Padilla & Snyder  
P. O. Box 2523  
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**STATEMENT OF CASE**

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Santa Fe Exploration Company is a working interest owner in W/2 SW/4, Section 3, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, which lies on the eastern flank of the proposed unit. Santa Fe Exploration has consistently expressed some form of accomodation to OXY's proposed waterflood project, but does not desire to participate in the project due to high operating costs which are necessary for such a project. Santa Fe Exploration believes that exclusion of the W/2 SW/4 will not impair the project.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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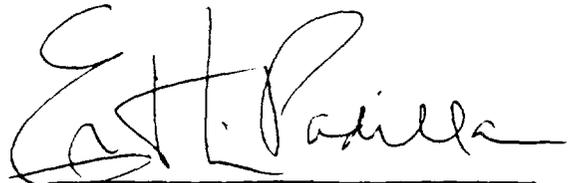
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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Santa Fe Exploration Company has not yet fully evaluated what land, technical, or other witnesses it will use.

**PROCEDURAL MATTERS**

(Please identify any procedural matters which need to be resolved prior to the hearing)

  
\_\_\_\_\_  
Signature