

CASE 10192: (Continued from December 19, 1990, Examiner Hearing.)

Application of Beach Exploration Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Red Lake Unit Area (Division Case No. 10193) located in portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East, by the injection of water into the East Red Lake-Queen-Grayburg Pool, through 15 certain injection wells to be converted from producing oil wells to injection wells. Said project is located approximately 16 miles east-northeast of Artesia, New Mexico.

CASE 10193: (Continued from December 19, 1990, Examiner Hearing.)

Application of Beach Exploration Inc. for statutory unitization, Eddy 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 Queen formation, East Red Lake-Queen Grayburg Pool, underlying 1182.17 acres, more or less, of State, Federal and Fee lands comprising portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East. Said Unit is to be designated the Red Lake Unit. Among the matters to be considered at the hearing will be 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 changes 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 16 miles east-northeast of Artesia, New Mexico.

CASE 10209: Application of Petroleum Corporation of Delaware 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 Morrow formation underlying the following described acreage in Section 1, Township 20 South, Range 29 East, and in the following manner: Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) to form a 321.20-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 East Burton Flat-Strawn Gas Pool, Undesignated Parkway-Atoka Gas Pool and Undesignated East Burton Flat-Morrow Gas Pool; Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) to form a 160.22-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Parkway-Strawn Pool; the S/2 NE/4 to form an 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, of which presently there are none; and, the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Parkway-Bone Spring and Undesignated Parkway-Delaware Pools. Said units are to be dedicated to a single well to be drilled at a standard location in the SW/4 NE/4 (Unit G) of said Section 1. 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 north by west of the junction of U.S. Highway 62/180 and New Mexico State Road 31.

CASE 10210: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Kachina 5 Well No. 1 to be drilled 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 18 South, Range 33 East, to test the Undesignated South Corbin-Wolfcamp Pool, the S/2 SE/4 of said Section 5 is to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10211: Application of Santa Fe Energy Operating Partners, L.P. 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 Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form 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, which presently includes but is not necessarily limited to the Undesignated South Corbin-Wolfcamp Pool; 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 West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin- Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. 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 southeast by south of Maljamar, New Mexico.

CASE 10212: Application of Santa Fe Energy Operating Partners, L.P. 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 Morrow formation underlying the following described acreage in Section 17, Township 24 South, Range 25 East, and in the following manner: the S/2 to form 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 Mosley Canyon-Strawn Gas and Undesignated Baldrige Canyon-Morrow Gas Pools; the SW/4 to form 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, the E/2 SW/4 to form an 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, of which presently there are none; and, the SE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 SW/4 (Unit N) 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 area is located approximately 3.5 miles northwest of White City, New Mexico.

CASE 10213: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14, Township 17 South, Range 26 East, to test the Undesignated Kennedy Farms-Morrow Gas Pool, the N/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. The proposed well site is located approximately 2.5 miles east of Artesia, New Mexico.

CASE 10214: Application of Mewbourne Oil Company 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 Morrow formation underlying the following described acreage in Section 29, Township 20 South, Range 27 East, and in the following manner: the E/2 to form 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 Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, and the Avalon-Morrow Gas Pool; the NE/4 to form a 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Avalon-Bone Spring Gas Pool; the S/2 NE/4 to form an 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, and presently there are none; and the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Penion-Bone Spring and Undesignated Avalon-Wolfcamp (Oil) Pool. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 NE/4 (Unit H) of said Section 29. 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 8 miles east-southeast of Seven Rivers, New Mexico.

CASE 10008: (Continued from November 28, 1990, Examiner Hearing.)

Application of Doyle Hartman for a non-standard gas proration unit, compulsory pooling, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying Lots 3 and 4, the SE/4 NW/4, and the E/2 SW/4 of Section 6, Township 24 South, Range 37 East, forming a 197.75-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 924 feet from the West line (Unit D) of said Section 6. 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 10 miles north-northeast of Jal, New Mexico.

CASE 10215: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Abo production and designated as the Bear Grass Draw-Abo Pool. The discovery well is the Phillips Pet. Corp. Grayburg Deep Unit Well No. 5 located in Unit A of Section 25, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 25: NE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Cass Draw-Bone Spring Pool. The discovery well is the Lanexco, Inc. Cerro Com Well No. 1 located in Unit E of Section 11, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 11: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Catclaw Draw-Delaware Pool. The discovery well is the Chi Operating Inc. Oxy State Well No. 1 located in Unit K of Section 9, Township 21 South, Range 26 East, NMPM. Said pool would comprise:
- TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 9: W/2
- (d) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Diablo-Pennsylvanian Gas Pool. The discovery well is the Stevens Operating Corp. Hanland State Well No. 1 located in Unit K of Section 16, Township 10 South, Range 27 East, NMPM. Said pool would comprise:
- TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 16: S/2
- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Dog Canyon-Wolfcamp Pool. The discovery well is the Cheyenne Resources Crow Flat Fed. Com Ut. Well No. 1 located in Unit K of Section 30, Township 16 South, Range 28 East, NMPM. Said pool would comprise:
- TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 30: SW/4
- (f) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for San Andres production and designated as the Elkins-San Andres Gas Pool. The discovery well is the N. Dale Nichols J. O'Brien Well No. 1 located in Unit L of Section 25, Township 7 South, Range 28 East, NMPM. Said pool would comprise:
- TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 25: SW/4
Section 26: E/2
- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Forehand Ranch-Bone Spring Pool. The discovery well is the Harvey E. Yates Forehand Well No. 1 located in Unit K of Section 15, Township 23 South, Range 27 East, NMPM. Said pool would comprise:
- TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 15: SW/4
- John W. Smith*
- (h) CREATE a new pool in ~~Chaves~~ ^{Eddy} County, New Mexico, classified as an oil pool for Cisco/Canyon production and designated as the High Lonesome-Upper Pennsylvanian Pool. The discovery well is the McClellan Oil Corp. Golden Bear Fed. Com Well No. 1 located in Unit N of Section 24, Township 16 South, Range 29 East, NMPM. Said pool would comprise:
- TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 24: SW/4
- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Livingston Ridge-Bone Spring Pool. The discovery well is the Union Oil Co. of California Medano State Well No. 1 located in Unit K of Section 36, Township 22 South, Range 31 East, NMPM. Said pool would comprise:
- TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 36: SW/4
- (j) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Palmillo-Bone Spring Pool. The discovery well is the Hondo Drilling Co. Sivley Fed. Well No. 2 located in Unit G of Section 30, Township 18 South, Range 29 East, NMPM. Said pool would comprise:
- TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 30: NE/4
- (k) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco/Canyon production and designated as the North Parkway-Upper Pennsylvanian Pool. The discovery well is the Southland Royalty Co. Parkway C State Com Well No. 1 located in Unit F of Section 15, Township 19 South, Range 29 East, NMPM. Said pool would comprise:
- TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 15: NW/4

In addition, the discovery well for said North Parkway-Upper Pennsylvanian Pool, the Southland and Royalty Co. Parkway C State Com Well No. 1 located in Unit F of Section 15, Township 19 South, Range 29 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 49,035 barrels of oil to be assigned over a two-year period.

- (l) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Glorieta/Yeso production and designated as the Red Lake Glorieta-Yeso Pool. The discovery well is the Hondo Oil and Gas Co. Pitcher Fed Well No. 1 located in Unit C of Section 8, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 8: NW/4

- (m) CONTRACT the Bullseye-San Andres Pool in Chaves County, New Mexico, by the deletion of the following area:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM

Section 7: S/2 S/2
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 29: All
Section 30: All
Section 31: W/2

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM

Section 24: SE/4
Section 25: All
Section 26: NE/4

- (n) EXTEND the East Burton-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 10: SW/4
Section 15: NW/4

- (o) EXTEND the East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 1: S/2

- (p) EXTEND the East Burton-Flat-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 17: SW/4

- (q) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 34: SE/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 2: SE/4

- (r) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 22: W/2

- (s) EXTEND the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 15: N/2