

Dockets Nos. 15-85 and 16-85 are tentatively set for May 22 and June 5, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 8, 1985

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

The following cases will be heard before Gilbert P. Quintana, Examiner or Michael E. Stogner, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1985, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1985, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8562: (Continued from April 24, 1985, Examiner Hearing)

Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Berkshire Unit Area comprising 27,840 acres, more or less, of State, Federal and Fee lands in Townships 6 and 7 North, Ranges 9 and 10 East.

CASE 8586: In the matter of the hearing called by the Oil Conservation Division on its own motion for rescission of Division Order No. R-333, as amended, and for recodification, amendment, and issuance of the gas well test requirements, as contained therein, for the San Juan Basin Area in San Juan, Sandoval, Rio Arriba, and McKinley Counties, New Mexico. Applicant, in the above-styled cause, seeks to organize the testing rules contained in Division Order No. R-333, as amended, and to amend certain provisions of said rules including but not limited to designation of types of tests to be conducted, amending the test year, amending test procedures and tables, providing for measurement of shut-in pressures, and amending the deliverability pressure. (Copies of the proposal are available at all Division offices.)

CASE 8564: (Continued from April 24, 1985, Examiner Hearing)

Application of the Commissioner of Public Lands for the State of New Mexico to vacate and void Division Order No. R-7817, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to vacate and void Division Order No. R-7817 which authorized TXO Production Company to pool all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East, to be dedicated to a well at an unorthodox gas well location 660 feet from the South and East lines.

CASE 8587: Application of Amerind Oil Co. for amendment of Division Order No. R-7796, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Division Order No. R-7796, which authorized compulsory pooling in the Strawn formation underlying the W/2 NE/4 of Section 28, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Applicant now seeks an unorthodox oil well location 1320 feet from the North line and 1980 feet from the East line of said Section 28, said W/2 NE/4 to be dedicated thereto.

CASE 8588: Application of Bliss Petroleum, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2310 feet from the North line and 830 feet from the West line of Section 35, Township 15 South, Range 36 East, Dean Devonian Pool, the SW/4 NW/4 of said Section 35 to be dedicated to the well.

CASE 8589: Application of Harvey E. Yates Company for four compulsory poolings, 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 San Andres formation underlying four 40-acre proration units, being the NE/4 SE/4; NW/4 SE/4; NE/4 SW/4; and SE/4 SW/4; all in Section 7, Township 9 South, Range 30 East, Cato-San Andres Pool, each unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 8590: Application of Earle M. Craig, Jr. Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1970 feet from the North line and 670 feet from the East line of Section 19, Township 26 South, Range 31 East, Phantom Draw-Wolfcamp Gas Pool, the N/2 of said Section 19 to be dedicated to the well.

CASE 8591: Application of V-F Petroleum, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,474 feet to 13,564 feet in its Mayme Graham Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 9, Township 15 South, Range 36 East.

CASE 8592: Application of Fannie Lee Mitchell, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 4,950 feet to 14,474 feet in its Caudill SWD Well No. G-32 located 1980 feet from the North line and 1830 feet from the East line (Unit G) of Section 32, Township 15 South, Range 36 East.

CASE 8593: Application of Corrine B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, South Carlsbad-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8569: (Continued from April 24, 1985, Examiner Hearing)

Application of Inexco Oil Company for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the South Humble City Strawn Pool underlying the NE/4 NE/4 of Section 14, Township 17 South, Range 37 East, to be dedicated to a well to be drilled at a standard oil well location 900 feet from the North line and 810 feet from the East line of said Section 14. Applicant further seeks an order pooling all mineral interests in the South Humble City Strawn Pool underlying the E/2 NE/4 of said Section 14 to form a standard 80-acre oil spacing and proration unit within said Pool also to be dedicated to the above-described well which is located at an unorthodox oil well location for said Pool. 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.

CASE 8556: (Continued from April 24, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8557: (Continued from April 24, 1985, Examiner Hearing)

Application of Southland Royalty 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 top of the Wolfcamp formation underlying the NW/4 of Section 21, Township 16 South, Range 27 East, to form a standard 160-acre spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation (Duffield-Pennsylvanian Gas Pool inclusive) underlying the W/2 of said Section 21 to form a standard 320-acre gas spacing and proration unit within said vertical limits also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation and all mineral interests in the Duffield-Pennsylvanian Gas Pool underlying the NW/4 of said Section 21 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of said Section 21 to form a standard 320-acre gas spacing and proration unit in said formation also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. Also to be considered, in either case, 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.

CASE 8568: (Continued from April 24, 1985, Examiner Hearing)

Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising the SE/4 SE/4 of Section 32, Township 18 South, Range 35 East, and the assignment of a discovery allowable in the amount of 55,620 barrels for its Peoples State 32 Well No. 1.

CASE 8594: Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit, and an unorthodox gas well location, 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 Jalmat Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre spacing and proration unit, to be dedicated to a well to be drilled 330 feet from the South and East lines of said Section 27. Applicant further seeks approval for a 160-acre non-standard Jalmat Gas Pool spacing and proration unit comprising said SE/4 of Section 27 also to be dedicated to the aforementioned well which is an unorthodox gas well location in the Jalmat Gas Pool. 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.

CASE 8570: (Continued from April 24, 1985, Examiner Hearing)

Application of Doyle Hartman for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 160-acre gas proration unit comprising the NE/4 of Section 35, Township 22 South, Range 36 East, Jalmat Gas Pool.

CASE 8545: (Continued from April 24, 1985, Examiner Hearing)

Application of Myco Industries for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.

CASE 8595: Application of APC Operating Partnership for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising portions of Sections 1 and 2, Township 15 South, Range 36 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre well spacing and proration units.

CASE 8596: Application of Rio Pecos Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 27, Township 20 South, Range 21 East, to be dedicated to a well to be drilled at an unorthodox gas well location 1680 feet from the South line and 660 feet from the East line of said Section 27. 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.

CASE 8597: Application of Gulf Oil Corporation for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1470 feet from the North line and 1310 feet from the West line of Section 15, Township 21 South, Range 36 East, Eumont Gas Pool, to form a 320-acre non-standard gas proration unit comprising the W/2 of said Section 15.

CASE 8560: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending the South Lindrith Gallup-Dakota Oil Pool in Sandoval County, New Mexico to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 11: S/2
 Section 14: All
 Section 15: All
 Section 16: All
 Section 18: W/2
 Section 19: W/2
 Section 21: E/2
 Section 22: W/2
 Section 23: E/2
 Section 27: W/2
 Section 34: NW/4

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 13: N/2

Section 14: NE/4

CASE 8598: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Permo Pennsylvanian production and designated as the Northwest Austin-Permo Pennsylvanian Pool. The discovery well is the Harvey E. Yates Company Duncan Unit Well No. 2 located in Unit F of Section 26, Township 13 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM

Section 26: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Corbin-Bone Spring Pool. The discovery well is the Harvey E. Yates Company Santa Fe Exploration Well No. 1 located in Unit O of Section 6, Township 18 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 6: SE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Drinkard production and designated as the East Garrett-Drinkard Pool. The discovery well is the Marathon Oil Company Aetna Eaves Well No. 2 located in Unit A of Section 26, Township 16 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM

Section 26: NE/4

- (d) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the Little Lucky Lake-Morrow Gas Pool. The discovery well is the Texaco Inc. Peery Federal Well No. 2 located in Unit O of Section 29, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 29: S/2

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the South Skaggs-Abo Pool. The discovery well is the Conoco Inc. State 35 Well No. 1 located in Unit P of Section 35, Township 20 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 35: SE/4

- (f) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Abo production and designated as the Tobac-Abo Pool. The discovery well is the Exxon Corporation New Mexico BW State Well No. 2 located in Unit F of Section 20, Township 8 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 20: NW/4

- (g) EXTEND the West Anderson Ranch-Pennsylvanian Gas Pool in Chaves and Lea Counties, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 31 EAST, NMPM

Section 33: SE/4

Section 34: SW/4

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 6: Lots 1, 2, 3, 4, 5, 6, 7, and 8

- (h) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 8: SE/4

- (i) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 22: NW/4

- (j) EXTEND the Cline Drinkard-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 12: NW/4

- (k) EXTEND the Cuerno Largo-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 36: NW/4

- (l) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

Section 12: NE/4

- (m) EXTEND the Eumont-Yates-Seven Rivers-Queen Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 13: E/2

Section 24: NE/4

- (n) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 10: E/2

- (o) EXTEND the Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 10: E/2

- (p) EXTEND the Hardy-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 2: SW/4

- (q) EXTEND the South Knowles-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 38 EAST, NMPM

Section 24: SW/4

- (r) EXTEND the Maljamar-Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 2: NW/4

- (s) EXTEND the West Pitchfork Ranch-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 24: E/2
Section 25: NE/4

- (t) EXTEND the Pitchfork Ranch-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 36: E/2

- (u) EXTEND the Saunders Permo-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 13: SW/4

- (v) EXTEND the Skaggs-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 12: S/2 SE/4

- (w) EXTEND the Tatum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 36 EAST, NMPM

Section 32: SW/4

- (x) EXTEND the Townsend-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 5: Lots 5, 6, 11, 12, 13, and 14

- (y) EXTEND the Tubb Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 13: SW/4

- (z) EXTEND the West Tucker Ranch-Canyon Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM

Section 8: NE/4