AYCOCK, W.P.	Consultant	308 Wall Towers, W	Midland, TX	79701
BAKER, R.F.	Arco Dil & Gas Co.	Box 1610	Midland, TX	79702
BAYLESS, R.L.	Robert L. Bayless	Box 1541	Farmington, NM	87499
BOHLING, A.W.	Gulf Oil Corp.	Box 1150	Midland, TX	79702
BONEAU, DAVE	Yates Petroleum	207 South 4th	Artesia, NM	88210
BOYCE, C.J.	Amoco Production Co.	Box 800	Denver, CO	80201
BRINKER, D.E.	Arco Dil & Gas Co.	Box 1610	Midland, TX	79702
CARLSON, DAVID H.	Warren Petroleum Co.	Box 1589	Tulsa, OK	74102
CARPENTER, MELBA	Oil Conservation Division	Box 1980	Hobbs, NM	88240
CARR, W.F.	Campbell, Byrd & Black, P.A	. Box 2208	Santa Fe, NM	87504-:
CHAVEZ, FRANK	Dil Conservation Division	1000 Rio Brazos Road	Aztec, NM	87410
CONVERSE, WAYNE	Consolidated Oil & Gas Co.	Box 2038	Farmington, NM	87499
COOPER, W.K.	Union Texas Petroleum	4001 Bloomfield Highway - Box 11	Farmington, NM	87401
CORLISS, BOB	Gas Co. of NM	Box 26400	Albuquerque, NM	87125
CRAWFORD, ERNIE	Gas Co. of NM	Box 26400	Albuquerque, NM	87125
CRISCO, PAT	Gas Co. of NM	7503 Marlin Dr Suite 150-C	Englewood, CO	80111
CURTIS, WARREN D.	Northwest Pipeline Corp.	Box 1526	Salt Lake City, UT	84110
DAVIES, MICHAEL	Southern Union Exploration	1217 Main Street	Dallas, TX	75201
DUGAN, T.A.	Dugan Production Corp.	Box 208	Farmington, NM	87499
DUNCAN, BILL	Exxon Co. U.S.A.	Box 1600	Midland, TX	79702
EATON, LILLIAN	Northwest Pipeline Corp.	Box 1526	Salt Lake City, UT	84110
GARCIA, HAROLD	Oil Conservation Division	Box 2088	Santa fe, NM	87504-2
HENDERSON, MARTA K.	. Arco Oil & Gas Co.	Box 1610	Midland, TX	79702
HOBBS, TERRY	Southland Royalty Co.	Box 570	Farmington, NM	87499
INGRAM, HUGH	Conaco, Inc.	Box 461	Hobbs, NM	88240
JENSEN, DAVID R.	Exxon Co. U.S.A.	Box 1600	Midland, TX	79702
KENDRICK, A.R.	Four Corners Gas Prod.	Box S16	Aztec, NM	87410
KENDRICK, H.L.	El Paso Natural Gas Co.	Box 1492	El Paso, TX	79978
KIRKLAND, DAVID	Gas Co. of NM	Box 1899	Bloomfield, NM	87413

YURONKA, JOHN WHISLER, MAXIE STOGNER, MICHAEL STEWART, JOE D. STAMETS, R.L. SHEPLER, STEVE SEXTON, JERRY SANDERS, T.H. REX, BARBARA RENO, SUSAN NIELSON, KATHLEEN MANNING, E.R. LIESE, SANDY LAMBERT, RAEANNE WEEKS, GREG MCLAUGHLIN, KEITH MCCLURE, RAY MUNSON, GARY MULLO, PAUL MOTTER, E.F. LITTLE, C.J. TOMLINSON, W.P. Gas Co. of NM Gas Co. of NM Gulf Oil Corp. Exxon Co. U.S.A. Consolidated Oil & Gas Co. Gas Co. of NM Utex Oil Company Southern Union Exploration Northwest Pipeline Corp. **HNG Internorth** El Paso Natural Gas Co. Amoco Production Co. El Paso Natural Gas Co. Northwest Pipeline Corp. John Yuronka Arco Dil & Gas Co. **Dil Conservation Division Dil Conservation Division** Amoco Production Co. **Dil Conservation Division** Cities Service Oil & Gas Curtis J. Little 807 Petroleum Bldg Box 26400 Box 1600 Box 1610 Box 2088 Box 2088 Box 3092 Box 1980 Box 26400 Box 1526 Box 1492 501 Airport Drive Box 26400 Box 1919 Box 1150 One Petroleum Center, Bldg 6 Box 1492 Box 1268 Box 90 1860 Lincoln St. - Suite 1100 1245 Brickyard Road – Suite 600 217 Main Street Salt Lake City, UT Santa Fe, NM Dallas, TX Salt Lake City, UT Midland, TX El Paso, Tx Farmington, Midland, TX Albuquerque, NM Midland, TX Midland, TX Santa Fe, NM Denver, CO Houston, NM Hobbs, NM Albuquerque, NM Farmington, NM Albuquerque, NM Midland, TX El Paso, Tx farmington, Midland, TX NM NM 87125 84106 84110 87125 88240 87401 87125 80295 77253 79702 87504-2088 87504-2088 79705 79702 87499 79702 79978 87499 75201 1970: 79702 20762

COMMITTEE PROPOSED CHANGES SPECIAL POOL RULES

SAN JUAN BASIN

The vertical limits, date of pool creation, and date of proration is shown in the introductory paragraphs, but not as rules.

All rules that comply with the General Pronation Rules were omitted from the special rules.

Due to the authorized infill drilling in the Basin Dakota and Blanco Mesaverge. Pools, special location and deliverability testing rules are carried.

Because of an earlier well location rule in the Basin Dakota Rules, a special limit of at least 920 feet between wells exists.

Basin Dakota Rules relating to oil wells were omitted.

Special Rule 25 was used in the Blanco Mesaverde Rules to define the change in vertical limits as shown on Exhibit A of Order R-5459 as amended.

Rules 26 through 33 in the Blanco Mesaverde Rules do not relate to proration; therefore, they were not changed.

Well location requirements in the Tapacito Pictured Cliffs Pool were modified to cause them to conform to the other gas well spacing rules in the San Juan Basin. Formerly, a well could be located "... no closer than 25 feet from any quarter-quarter section line or subdivision inner boundary." That was changed to 130 feet.

ILLEGIBLE

PARAGRAPH TITLES OF GENERAL GAS PROBATION RULES FOR NEW MEXICO

REVISED RULE ARRANGEMENT

R-1670	NEW	
		APPLICATION OF THESE RULES
	RULE 1	DEFINITIONS
SECTION A	- SECTION A.	WELL ACREAGE AND LOCATION REQUIREMENTS
RULE S(A)	RULE 2(a)1	STANDARD GAS PRORATION UNIT SPACING
RULE 5(A)	RULE 2(a)2	STANDARD GPU SIZE AND VARIANCE
RULE 5(B)	RULE 2(a)3	NON-STANDARD PROPATION UNIT APPROVAL PROCEDURE AT DISTRICT LEVEL
RULE 5(B)	RULE 2(a)4	NON-STANDARD PROPATION UNIT APPROVAL PROCEDURE AT DIRECTOR LEVEL
RULE 2	RULE 2(b)	WELL LOCATION
RULE 3	RULE 2(c)	UNORTHODOX WELL LOCATION APPROVAL
SECTION B	SECTION B.	NOMINATIONS AND PROPATION SCHEDULE
RULE 7(A)	RULE 3(a)	NOMINATIONS
RULE 7(A)	RULE 3(b)1	SCHEDULE
RULE 7(B)	RULE 3(b)2	PRORATION OF ALL GAS WELLS WITHIN A POOL
SECTION C	SECTION C.	ALLOCATION AND GRANTING OF ALLOWABLES
RULE B(B)	RULE 4	FILING OF FORMS C-102 AND C-104 REQUIRED
RULE 8	RULE 5	HOW ALLOWABLES ARE CALCULATED
RULE 9(B)	RULE 5(a)1	MARGINAL GPU ALLOWABLE
RULE S(C)	RULE 5(a)2	NON-MARGINAL GPU ALLOWABLE
RULE B(C)	RULE 5(b)1	NEW CONNECTS ASSIGNMENT OF ALLOWABLES
	RULE 5(b)2	NEW CONNECT MAXIMUM PRODUCING PERIOD
RUE 12	RULE 6	GAS CHARGED AGAINST GPU'S ALLOWABLE
RULE 10(A)	RULE 7	CHANGE IN ACREAGE
RHENI	RHER	MINIMUM ALLOWABLES
RULE 10(C)	RULE 9(a)	DELIVERABILITY TESTS
RULE 10(B)	RULE 9(b)	DELIVERABILITY FOR RECOMPLETION/WORKOVER/RETEST
RULE 10(C)	RULE 9(c)	EXCEPTIONS TO DELIVERABILITY TESTS
	RULE 9(d)	WELLS EXEMPT FROM TESTING - SAN JUAN BASIN
SECTION D	SECTION D.	BALANCING OF PRODUCTION
RULE 14(A)	RULE 10(a)	UNDERPRODUCTION
RULE 14(8)	RULE 10(b)	BALANCING UNDERPRODUCTION
RULE 15(A)	RULE 11(a)	OVERPRODUCTION
RULE 15(A)	RULE 11(b)	SIX-TIMES OVERPRODUCED
RULE 15(D)	RULE 11(c)	EXCEPTION TO SHUT-IN FOR OVERPRODUCTION
RULE 15(C)	RULE 11(d)	BALANCING OVER PRODUCTION
RULE 15(E)	RULE 11(e)	EXCEPTION TO BALANCING OVERPRODUCTION
	RULE 11(f)	HARDSHIP WELLS
RULE 15(6)	RL1.E 11(a)	MORATORIUM ON SHUT-INS
SECTION E	SECTION E.	CLASSIFICATION OF GPUS
RULE 16(A)	RULE 12(a)	CLASSIFICATION PERIOD
RULE 16(B))	RULE 12(5)	RECLASSIFICATION BY DIRECTOR
RULE 16(A)	RULE 13(a)	RECLASSIFICATION TO MARGINAL
RULE 17	RULE 13(b)	CANCELLATION OF UNDERPRODUCTION ON MARGINAL GPUS
RULE 18	RULE 14(a)	RECLASSIFICATION TO NON-MARGINAL
RULE 18	RULE 14(b)	REINSTATEMENT OF STATUS
SECTION F	SECTION F.	REPORTING OF PRODUCTION
RULE 21(C)	RULE 15(a)	C-111 REPORT (GAS PURCHASER'S MONTHLY REPORT)
RULE 21(A)	RULE 15(b)	C-115 REPORT (OPERATOR'S MONTHLY REPORT)
RULE 21(E)	RULE 15(c)	REPORTING OF PRODUCTION (DAYS CRITERIA)
SECTION G	SECTION G.	GENERAL
RULE 22	RULE 16	FLARED OR VENTED GAS
RULE 23	RULE 17	NON-COMPLIANCE OF RULES AND REGULATIONS
RULE 24	RULE 18	GAS WELL DELIVERY NOTICES
	RULE 19	NOTICE OF MARGINAL WELL SHUT-IN

50 YEARS



ENERGY AND MINERALS DEPARTMENT



TONEY ANAYA

November 4, 1985

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE. NEW MEXICO 87501 (505) 827-5800

MEMO No. 5-85

MELORANDUM

TO: NEW MEXICO OPERATORS

FROM: R. L. STAMETS, DIRECTOR

SUBJECT: PROPOSAL TO END OCD NGPA DETERMINATIONS

I have been considering seeking an end to the NGPA well price category determination work performed by the Division. The basis for this proposed action includes:

- 1) When initiated, we did not expect this work to continue beyond January 1985. Recent discussions with FERC personnel now indicate there is no end in sight for the program.
- 2) Ending this effort would permit more time to work on matters related to our statutory duties.
- 3) Budgeting considerations may demand cutbacks in Division activities.

This proposal was announced at the Independent Petroleum Association and Cil and Gas Association annual meetings. At those times I invited comments. To date only one comment has been received and it was favorable.

By this memo I am making a final appeal for comments both in favor or in opposition. I would further request that any party commenting in opposition indicate if they would support a fee system to continue this Division program. Many states apparently are charging 100 dollars or so for each NGPA determination sought.

Responses to this memo should be submitted on or before November 30, 1985.

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Dockets Nos. 37-85 and 38-85 are tentatively set for December 4 and December 18, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 19, 1985

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

<u>CASE 8749</u>: Application of the Oil Conservation Commission on its own motion to rescind Order No. R-1670, as amended, to recodify and amend the General Rules and Regulations for the Prorated Gas Pools contained therein and to amend the special gas prorationing rules for the Atoka-Pennsylvanian, Blinebry, Buffalo Valley-Pennsylvanian, Burton Flat-Morrow, Burton Flat-Strawn, South Carlsbad-Morrow, Crosby-Devonian, Eumont, Indian Basin-Morrow, Indian Basin-Upper Pennsylvanian, Jalmat, Justis-Glorieta, Monument-McKee-Ellenburger, and Tubb Gas Pools of Lea, Eddy and Chaves Counties and the special gas prorationing rules for the Basin-Dakota, Blanco-Mesaverde, South Blanco-Pictured Cliffs, and Tapacito-Pictured Cliffs Gas Pools of San Juan, Sandoval, and Rio Arriba Counties.

CASE 8614: (De Novo)

Application of Yates Petroleum Corporation for an exception to the Special Rules and Regulations for the Bluitt-San Andres Associated Pool as promulgated by Division Order R-5353, as amended, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Bluitt-San Andres Associated Pool as promulgated by Division Order No. R-5353, as amended, to authorize an unorthodox gas well location for its Bluestem "ZL" Federal Well No. 1 to be located 1650 feet from the North line and 2310 feet from the East line of Section 20, Township 8 South, Range 38 East, the S/2 NE/4 and N/2 SE/4 of said Section 20 to be dedicated to said well forming a non-standard 160-acre gas spacing and proration unit in said pool.

Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8640: (De Novo)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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.

Upon application of Meridian Oil Inc. and El Paso Natural Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8463: (Continue: from October 17, 1985, Commission Hearing)

Application of David Fasken for termination of prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating prorationing in the Burton Flat-Morrow Gas Pool located in portions of Townships 20 and 21 South, Ranges 26, 27, and 28 East, and to also cancel all cumulative overproduction and underproduction within said pool.

Upon application of David Fasken this case will be heard De Novo Pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 21, 1985

8 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 3741: (Continued from November 6, 1985, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Rapid Company, Inc., American Employers' Insurance Co. and all other interested parties to appear and show cause why the following wells in Lea County should not be plugged and abandoned in accordance with a Division-approved plugging program:

Punch No. 1	Unit J	Sec. 11, T-12S, R-34E
Ranger Lake No. 1	Unit N	Sec. 11, T-12S, R-34E
Ranger Lake No. 3	Unit N	Sec. 11, T-12S, R-34E
Texas Pacific AH State No. 1	Unit F	Sec. 14, T-12S, R-34E
Ranger Lake SWD No. 1	Unit H	Sec. 15, T-12S, R-34

CASE 8673: (Continued from November 6, 1985, Examiner Hearing)

Application of Chevron USA Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Trooper Unit Area comprising 2,880 acres, more or less, of State lands in Township 11 South, Range 35 East.

CASE 8748: (Called at the October 21, 1985 Hearing)

Application of Sun Exploration and Production Company for a non-standard gas proration unit, compulsory pooling and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SE/4 of Section 25 and the NE/4 NE/4 of Section 36, both in Township 24 South, Range 36 East, forming a 200-acre nonstandard gas spacing and proration unit in the Jalmat Gas Pool. Applicant further seeks an order pooling all mineral interests in the Langlie-Mattix Pool underlying the NW/4 SE/4 of said Section 25 to form a standard 40-acre oil spacing and proration unit, both aforementioned units to be dedicated to a well to be drilled at a standard location 1980 feet from the South and East lines of said Section 25 and dually completed (conventional) in such a manner as to produce oil from the Langlie-Mattix Pool and gas from the Jalmat Gas Pool through parallel strings of tubing. 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 8722: (Continued and Readvertised)

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 the SE/4 of Section 25 and the NE/4 NE/4 of Section 36, both in Township 24 South, Range 36 East, forming a 200-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 1500 feet from the South line and 1200 feet from the East line of said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well and a charge for risk involved in drilling said well.

CASE 8730: (Continued and Readvertised)

Application of Ray Westall for dual completion and salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete the Texas Crude Oil Co. Tennessee Federal Well No. 1 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 21, Township 19 South, Range 31 East, North Hackberry Yates-Seven Rivers Pool, in such a manner as to produce oil from the Yates formation and to dispose of produced salt water into the Seven Rivers formation in the perforated and open hole interval from approximately 2420 feet to 2581 feet through parallel strings of tubing.

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Page 3 of 5

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- CASE 8750: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Bagley State Unit Area comprising 1105.77 acres, more or less, of State lands in Township 12 South, Range 34 East.
- <u>CASE 375</u>1: Application of Merrion Gil & Gas Corporation for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Entrada formation 2310 feet from the North line and 1200 feet from the East line of Section 36, Township 20 North, Range 5 West, the SE/4 NE/4 (Unit H) of said Section 36 to be dedicated to the well.
- <u>CASE 3752</u>: Application of Merrion Oil & Gas Corporation for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Entrada formation 1200 feet from the South line and 650 feet from the East line of Section 28, Township 20 North, Range 6 West, the SE/4 SE/4 (Unit P) of said Section 28 to be dedicated to the well.
- CASE 3753: Application of Mallon Oil Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the N/2 of Section 13, Township 25 North, Range 2 West, 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.
- CASE 8754: Application of McClellan Oil Corporation for a non-standard oil proration unit and an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 51.02-acre non-standard oil spacing and proration unit comprising Lots 1 and 2 of Section 19, Township 16 South, Range 29 East, to be drilled at an unorthodox oil well location 1330 feet from the North line and 421 feet from the West line of said Section 19 to test the High Lonesome-Queen Pool.
- CASE 8755: Application of TXO Production Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from 4,825 feet beneath the surface to the base of the Bone Spring formation underlying the SW/4 NW/4 of Section 26, Township 18 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit to be decicated 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 we i 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 8756: Application of Cibola Energy Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the performed interval from approximately 2234 feet to 2298 feet in its Aciete Vegra Well No. 2 located 1650 feet from the South Line and 1200 feet from the East line (Unit 1) of Section 12, Township 9 South, Range 27 East.
- CASE 8757: Application of Cibola Energy Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 2209 feet to 2241 feet in its Plains 29 Well No. 9 located 990 feet from the North and West lines of Section 29, Township 10 South, Range 28 East, Undesignated Race Track-San Andres Pool.
- <u>CASE 87'3</u>: Application of Monsanto Company for an unorthodox gas well location, dual completion, and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of a well to be drilled at an unorthodox gas well location 330 feet from the South and West lines of Section 36, Township 21 South, Range 23 East, to produce gas from the Indian Basin-Upper Pennsylvanian and Indian Basin-Morrow Gas Pools, all of said Section 36 to be simultaneously dedicated in both zones to the well and to their existing Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line of said Section 36.
- CASE 8759: Application of Penroc Oil Corporation for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Madera Com Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, Township 24 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

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- CASE 8760: Application of Western Oil Producers, Inc. for a non-standard proration and spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration and spacing unit for Queen formation gas production comprising the E/2 SW/4 of Section 3, Township 19 South, Range 35 East, to be dedicated to the applicant's Fee "KJ" Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 3.
- CASE 8761: Application of Chaveroo Operating Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Vacuum Grayburg-San Andres Pool in the perforated interval from approximately 4804 feet to 5212 feet in the Apollo Energy, Inc. State G-36 Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 17 South, Range 35 East.
- <u>CASE 8762</u>: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its Florance Well No. 36 located 1850 feet from the North line and 990 feet from the East line (Unit H) of Section 3, Township 30 North, Range 8 West.
- <u>CASE 8763</u>: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its State Com Well No. 1 located 990 feet from the South and West lines (Unit M) of Section 32, Township 30 North, Range 9 West.
- <u>CASE 8764</u>: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its Dawson "A" Well No. 1 located 790 feet from the South line and 1450 feet from the West line (Unit N) of Section 4, Township 27 North, Range 8 West.
- <u>CASE 8765</u>: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its Florance Well No. 6 located 990 feet from the South and West lines (Unit M) of Section 23, Township 30 North, Range 9 West.
- CASE 8766: Application of Reading & Bates Petroleum Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying the E/2 of Section 15, Township 25 North, Range 2 West, to be dedicated to a well to be drilled at a standard gas 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.
- <u>CASE 8767</u>: Application of Amoco Production Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the perforated interval from approximately 7272 feet to 7304 feet in its State "DQ" Well No. 3 located 2305 feet from the North line and 2290 feet from the East line (Unit G) of Section 32, Township 9 South, Range 30 East, Undesignated Many Gates-Wolfcamp Pool.
- CASE 8768: Application of Union Texas Petroleum Corporation for an extension of the West Lindrith Gallup-Dakota Oil Pool, and the contraction of the Otero-Gallup Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order contracting the Otero-Gallup Oil Pool by deleting therefrom a portion of said pool in Sections 33 and 34, Township 25 North, Range 5 West, and Sections 1, 2, 3, 4, 9, and 10, Township 24 North, Range 5 West, and extending the West Lindrith Gallup-Dakota Oil Pool to include portions of the aforementioned area.

CASE 3735: [Continued from November 6, 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 top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of Section 2, Township 19 South, Range 28 East, to be dedicated to a 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.

CASE <u>8736</u>: (Continued from November 6, 1985, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the N/2 of Section 13, Township 25 North, Range 2 West, Basin-Dakota Pool, to be dedicated to a 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 weil.

CASE 8737: (Continued from November 6, 1985, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Chaves 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 SW/4 of Section 30, Township 15 South, Range 28 East, and all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of said Section 30, to be dedicated to a 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.

- <u>CASE 8769</u>: Application of Doyle Hartman 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 Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration 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 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 8770: Application of Doyle Hartman for non-standard proration unit, two unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an approval of the drilling of two wells to be located at unorthodox gas well locations, the first of which is to be located 2310 feet from the North line and 100 feet from the East line of Section 20 and the second to be located 2145 feet from the North line and 1600 feet from the West line of Section 21, both in Township 22 South, Range 36 East, Jalmat Gas Pool. Applicant further seeks an approval of a 320-acre non-standard gas spacing and proration unit comprising the NE/4 of said Section 20 and the NW/4 of said Section 21 to be simultaneously dedicated to his two proposed aforementioned wells as decribed above and to his existing Boren & Greer Gas Com Well Nos. 1, 2, and 3 located in Units D and C of said Section 21 and Unit A of said Section 20, respectively.

May 12, 1986

R. L. Stamets, Division Director New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, NM 87501 RECEIVED MAY 1 4 1985 OIL CONSERVATION DIVISION

Dear Mr. Stamets:

On January 7, 1986 you assigned a task concerning proration of gas to a new committee.

This committee has met on three occasions, those being January 28, February 20, and April 15, 1986.

For the first meeting, invitations were sent to approximately 90 individuals who were either in attendance at the January 7 hearing when the committee was appointed or had otherwise worked with other NMOCD committees in the past or were involved in the production of gas from the San Juan Basin.

The first meeting was held in Farmington and a list of attendees is included for your information. Here the problem was introduced to the committee and study began.

The second meeting was held in Santa Fe and a list of attendees at this meeting is included. At this meeting, Northwest Pipeline Corporation agreed to do some special calculations of allowables and submit those results to the committee. These calculations were made using three variations of the formulas currently in use for calculating the allowables for wells in the Basin Dakota and Blanco Mesaverde Pools. These calculations were furnished to the members of the committee soon after this meeting for each individual to study.

The last meeting was held in Farmington and an attendance list is included. Each member of the committee had had an opportunity to review the work submitted by Northwest Pipeline Corporation. Some of the findings of the committee include:

1. There are some problems recognizable in the manner of assigning allowables to some gas proration units in the Blanco Mesaverde and Basin Dakota Pools. (Those pools where optional infill drilling has been authorized.)

2. Various allocation formulas would equate allowables between infill drilled standard gas proration units and non—infill drilled non—standard gas proration units.

3. Some allocation formulas would equate allowables between non-infill drilled standard gas proration units and other non-infill drilled non-standard gas proration units with larger or smaller acreage factors. 4. Formulas that offer equality of allowables between non-standard non-infill drilled gas proration units do not offer the same equality of allowable between gas proration units when some gas proration units have been infill drilled.

5. On the same basis of allocation, one formula has not been devised that will offer equality assignment of allowables to various size gas proration units when some gas proration units have been infill drilled and others have not.

After a thorough discussion, the membership called for a vote on what the committee should do. The choices voted on and the results are:

1. That there is a problem in the manner in which allowables are assigned to wells in the pools where infill drilling has occurred and we should recommend to the NMOCD that a change be made in the allocation formula to correct this problem.

This choice failed.

2. That there has been noticed that a small inequity does exist in the assignment of allowables to wells in pools where infill drilling has occurred. The problem did not exist before infill drilling was begun. The problem affects only a small number of wells and, the committee should recommend to the NMOCD that no change be made in the allocation formula at this time.

This choice passed.

It is my duty to report the above findings of the committee to you. As this committee was formed as the result of information presented at the January 7, 1986 hearing in Case No. 8749, I presume you would like this report made into the NMOCC record of that hearing. If that is the case, please notify me of the hearing date and I will be there to present this data. If there is anything further you wish to have in this matter, please so advise.

Also, I extend a heartfelt thanks to each of those members who chose to participate in this committee's deliberations.

Respectfully submitted,

Fuderich

H. L. Babe Kendrick Committee Chairman

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TELEPHONE	303-830-4890	303-247-0728	505-393-4121	303-861-5252	505-393-4141	915-541-6133	915-541-6100	505-888-8395	505-888-8392	505-632-3311	505-327-0251	505-827-5813	801-584-6674	505-325-5018	214-742-6051	303-740-4855
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ADDRESS	P. 0. BOX 800	P. O. BOX 1237	P. O. BOX 670	1860 LINCOLN SUITE 1100	P. O. BOX 460	P. D. BOX 1492	P. 0. BOX 1492	2444 LOUISIANA NE	P. O. BOX 26400	P. D. BOX 1899	P. 0. BOX 4289	P. O. BOX 2088	P. O. BOX 8900	P. O. BOX 2078	1217 MAIN SUITE 400	P. 0. BOX 3249
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NAME	BOYCE, CHARLES	CLARK WILLIAM	CASEY, M. W.	STEWART, JOSEPH D.	INGPART HUGH	KENDRICK, H.L. BABE	MCCLURE, RAY	MOLLO, PAUL D.	WHISLER, MAXIE	WHITAKER, STELLA	BRINK, GARY	GARCIA, HARDLD	EATON LILLIAN	EVANS, JACK	HENQ, SUSAN	gibe, robert

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rend, susan Rde, John	SOUTHERN UNION EXPLORATION DUGAN PRODUCTION CORP.	1217 MAIN SUITE 400 P. O. BOX 208	DALLAS, TX FARMINGTON, NM	75202 87499	214-742-6051 505-325-1821
SALZMAN, BRADLEY	AMOCO PRODUCTION CO.	501 AIRPORT DR.	FARMINGTON, NM	87401	505-325-8841
SMITH, JAMES W.	SOUTHLAND ROYALTY CO.	2200 BLOOMFIELD HIGHWAY	FARMINGTON, NM	87499	505-325-1841
STEWART, JOSEPH D.	COLUMBUS ENERGY	1860 LINCOLN SUITE 1100	DENVER, CO	80295	303-861-5252
WHISLER, MAXIE	GAS COMPANY OF NM	P. D. BOX 26400	ALBUQUERQUE, NM	87125	505888-8392
WHITAKER STELLA	GAS COMPANY OF NM	P. D. BOX 1899	BLOOMFIELD, NM	87413	505-632-3311

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