

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

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CASE 3749: 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, Blinbry, 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 Bluit-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 Bluit-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: (Continued 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 8741: (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-34E

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 non-standard 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 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 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 1) 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.

- 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.
- CASE 8751: 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 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.
- CASE 8752: 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 8753: 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 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 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 perforated interval from approximately 2234 feet to 2298 feet in its Aciete Negra Well No. 2 located 1650 feet from the South line and 1200 feet from the East line (Unit I) 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.
- CASE 8758: 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.

- 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.
- CASE 8762: 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.
- CASE 8763: 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.
- CASE 8764: 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.
- CASE 8765: 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.
- CASE 8767: 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.

Dockets Nos. 38-85 and 1-86 are tentatively set for December 18 and January 9, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 4, 1985

8:00 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before David R. Catanach, Examiner or Michael E. Stogner Alternate Examiner:

- CASE 8771: Application of Leonard Minerals Company for a unit agreement, Colfax, Mora, and Taos Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Taos Trough Unit Agreement comprising 113,000 acres, more or less, of Federal and Fee lands in Townships 21, 22, 23, 24, and 25 North, Ranges 13, 14, and 15 East (either projected or surveyed).
- CASE 8772: Application of Merrion Oil and Gas Corporation for pool creation, assignment of discovery allowable, and a special depth bracket allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production comprising the S/2 NE/4 and N/2 SE/4 of Section 36, Township 20 North, Range 5 West, and the assignment of an oil discovery allowable to exceed that as allowed by General Rule 509 to the discovery well for said pool being the Arena Blanca Well No. 1 located 2360 feet from the South line and 1200 feet from the East line of said Section 36. Applicant further seeks the establishment of a special depth bracket allowable for said pool to exceed that as prescribed by General Rule 505.(a).
- CASE 8751: (Continued from November 21, 1985, Examiner Hearing)
- 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 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.
- CASE 8773: Application of Bliss Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing J. W. Grizzell "A" Well No. 1 located 1034 feet from the South line and 2635 feet from the West line of Section 5, Township 22 South, Range 37 East, San Andres formation, the SW/4 of said Section 5 to be dedicated to said well.
- CASE 8774: (This case will be dismissed)
- Application of Texaco, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pecos Slope-Abo Gas Pool, underlying the SE/4 of Section 17, Township 6 South, Range 26 East, 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.
- CASE 8753: (Continued from November 21, 1985, Examiner Hearing)
- 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 8775: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SW/4 of Section 23, Township 5 South, Range 25 East, Undesignated Pecos Slope Abo Gas Pool, 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.

CASE 8744: (Continued from November 6, 1985, Examiner Hearing)

Application of Union Texas Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks blanket approval for the downhole commingling of Otero-Gallup and Basin-Dakota production in the wellbore of all existing wells and all wells subsequently to be drilled in the Jicarilla "L" and "N" Leases in Townships 24 and 25 North, Range 5 West.

CASE 8766: (Continued and Readvertised)

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 Undesignated Gavilan Greenhorn Graneros Dakota Oil 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 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 8776: Application of Bradley H. and Margaret N. Keyes, Trustees for surface and downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Fruitland Pool and Bloomfield-Farmington Oil Pool production in the wellbore of its Ransom Well No. 1-M located 1240 feet from the South line and 2435 feet from the East line (Unit 0) of Section 13, Township 29 North, Range 11 West. Applicant further seeks authority to commingle the aforementioned production from said Ransom Well No. 1-M with the previously approved downhole commingled Aztec-Fruitland and Aztec-Pictured Cliffs Gas Pool production from their Ransom Well No. 1 located 1850 feet from the South line and 790 feet from the East line (Unit 1) of said Section 13.CASE 8777: Application of Pennzoil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1400 feet from the South line and 660 feet from the West line of Section 17, Township 16 South, Range 37 East, Undesignated Northeast Lovington-Pennsylvanian Pool, the W/2 SW/4 of said Section 17 to be dedicated to the well.CASE 8778: Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Langlie Mattix Pool in the perforated interval from 3351 feet to 3546 feet in his Hodges Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit 0) of Section 8, Township 24 South, Range 37 East.CASE 8760: (Continued from November 21, 1985, Examiner Hearing)

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 8779: Application of Murphy Operating Corporation for statutory unitization, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the San Andres formation underlying 2160 acres, more or less, of Federal lands in either all or portions of Sections 11, 12, 13, 14, and 24, Township 8 South, Range 37 East, and Sections 18 and 19, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, said unit to be designated the Bluit San Andres (Federal) Unit Area. 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 the 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 well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.CASE 8780: Application of Murphy Operating Corporation for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation in the proposed Bluit San Andres (Federal) Unit Area underlying either all or portions of Sections 11, 12, 13, 14, and 24, Township 8 South, Range 37 East, and Sections 18 and 19, Township 8 South, Range 38 East, Bluit San Andres Associated Pool.

Dockets Nos. 1-86 and 2-86 are tentatively set for January 9 and January 22, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 18, 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

ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for January, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8781: Application of Petro-Thermo Corporation for an exception to Division Order No. R-3221 and for authorization to dispose of associated waste hydrocarbons and other solids, obtained in conjunction with the drilling and production of oil and gas into a disposal site on the surface, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of produced salt water onto the surface in the E/2 NE/4 of Section 16, Township 20 South, Range 32 East. Applicant further seeks authorization to dispose of associated waste hydrocarbons and other related solids, obtained in conjunction with the drilling and production of oil and gas, onto the surface in said area. Laguna Plata, sometimes referred to as Laguna Grande is located within a portion of the above-described area.

CASE 8782: Application of H & S Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco formation in the open hole interval from 7950 feet to 8220 feet in the Read & Stevens Scoggins Draw Unit Well No. 1-Y located 766 feet from the South line and 2086 feet from the East line (Unit 0) of Section 31, Township 18 South, Range 27 East.

CASE 8746: (Continued from November 6, 1985, Examiner Hearing)

Application of Jack J. Grynberg 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 S/2 of Section 25, Township 18 South, Range 26 East, to form a standard 320-acre gas spacing and proration unit 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 8783: 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 SE/4 NW/4 of Section 26, Township 18 South, Range 32 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 8784: 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 the surface through the base of the Queen formation underlying the NW/4 NE/4 of Section 14, Township 18 South, Range 38 East, forming a standard 40-acre spacing and proration unit, to be dedicated to a well to be drilled at 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 8785: Application of TXO Production Corp. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the Wolfcamp through Morrow formations underlying the E/2 of Section 2, Township 22 South, Range 27 East, forming a 320-acre, more or less, gas proration unit 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.

CASE 8786: (Continued from November 21, 1985, Examiner Hearing)

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 4,925 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 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 8135: (Continued and Readvertised)

Application of Veryl F. Moore for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Pictured Cliffs formation of Northwest New Mexico as provided in Section 62-7-5, NMSA, 1978. To be considered will be the granting of the exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8786: Application of The Eastland Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Power Grayburg (Federal) Unit Agreement comprising 427.44 acres, more or less, of Federal land in Township 18 South, Ranges 30 and 31 East.

CASE 8787: Application of The Eastland Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Power Grayburg-San Andres Pool in the proposed Power Grayburg (Federal) Unit Area underlying portions of: Section 1, Township 18 South, Range 30 East; and Sections 5 and 6, Township 18 South, Range 31 East. Applicant further seeks authorization to inject water under pressure in said project in excess of the OCD guideline of 0.2 psi per foot of depth.

CASE 8759: (Continued from November 21, 1985, Examiner Hearing)

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.

CASE 8753: (Continued from December 4, 1985, Examiner Hearing)

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 8788: Application of Jerome P. McHugh 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 E/2 of Section 12, Township 25 North, Range 2 West, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, 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 8735: (Continued from November 21, 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 8737: (Continued from November 21, 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.

CASE 8790: The Application of the Oil Conservation Division on its own motion to amend Division Order No. R-8062 and the special pool rules for and the horizontal limits of the Shipp-Strawn Pool, and to contract the East Lovington-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to correct the discovery allowable assigned in Order R-8062; to amend said special rules as to pool limits and expansion; to require well locations within 150 feet of the center of a quarter-quarter section, and to transfer acreage in the NW/4 of Section 4, Township 17 South, Range 37 East, from the East Lovington-Pennsylvanian Pool to the Shipp-Strawn Pool.

CASE 8791: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, correcting and extending certain pools in Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Hobbs Channel-Wolfcamp Pool. The discovery well is the Harvey E. Yates Company Howry 25 Well No. 1 located in Unit E of Section 25, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 25: NW/4

- (b) CORRECT the location of the Johnson Ranch-Wolfcamp Gas Pool in Lea County, New Mexico, created by Order R-8075 to read as follows:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 22: E/2

- (c) EXTEND the South Corbin-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 22: W/2

- (d) EXTEND the Lower Double A-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 21: NW/4

- (e) EXTEND the EK-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 25: NW/4

CASE 8789: Application of Geo Engineering, Inc. for a unit agreement and for authorization for a unit plan of development to more efficiently recover primary reserves and for the purpose of secondary recovery. McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit area for the Mesaverde formation encompassing 1580 acres, more or less, of State and fee lands underlying either all or portions of Sections 20, 21, 22, 27, 28, 29, and 30, Township 20 North, Range 9 West. Applicant further seeks an order authorizing a plan of development within said unit area to include:

- 1) an exception to Division General Rule 104.F., to provide for oil wells to be located not nearer than 165 feet to the unit boundary nor nearer than 10 feet to any quarter-quarter section or subdivision inner boundary;
- 2) an exception to Division General Rule 104.C.I., allowing the operator to develop the unit area with more than four wells on each 40-acre tract; and,
- 3) the adoption and promulgation of special rules and procedures providing for an administrative procedure to initiate waterflood projects within the unit area.

CASE 8689: (Continued from November 6, 1985, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying a previously approved 120-acre non-standard proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to its Justis Christmas Gas Com Well No. 1 located 2225 feet from the North line and 790 feet from the West line of said Section 20. 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 8775: (Continued and Readvertised)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SW/4 of Section 23, Township 5 South, Range 25 East, Undesignated Pecos Slope Abo Gas Pool, 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.

CASE 8773: (Continued from December 4, 1985, Examiner Hearing)

Application of Bliss Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing J. W. Grizzell "A" Well No. 1 located 1034 feet from the South line and 2635 feet from the West line of Section 5, Township 22 South, Range 37 East, San Andres formation, the SW/4 of said Section 5 to be dedicated to said well.

CASE 8744: (Continued from December 4, 1985, Examiner Hearing)

Application of Union Texas Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks blanket approval for the downhole commingling of Otero-Gallup and Basin-Dakota production in the wellbore of all existing wells and all wells subsequently to be drilled in the Jicarilla "L" and "N" Leases in Townships 24 and 25 North, Range 5 West.

CASE 8736: (Continued and Readvertised)

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, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, 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.

- (f) EXTEND the Hume-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 7: N/2

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 18: SE/4

Section 23: NW/4

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 18: W/2

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

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 4: NW/4, N/2 SW/4, and SE/4 SW/4

Section 9: E/2 NW/4

- (i) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 13: NW/4

Section 14: N/2

- (j) EXTEND the Pearl-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 10: SE/4

Section 15: NE/4

- (k) EXTEND the Querecho Plains-Queen Associated Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 21: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 11: SE/4

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

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 10: NW/4

ILLEGIBLE

- (n) EXTEND the North Shoe Bar-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 13: NW/4

- (o) EXTEND the Mid-Vacuum-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 16: W/2

- (p) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 5: SE/4

Section 8: NE/4

ILLEGIBLE