

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.

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.

CASE 3705: (Continued from November 21, 1966, 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 3707: (Continued from November 21, 1966, 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 16 South, Range 19 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 3780: 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 3791: 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

Dockets Nos. 6-86 and 7-86 are tentatively set for February 19 and March 5, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5, 1986

8:15-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 8816: Application of C & C Operating Corporation for salt water disposal, Lea 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 4942 feet to 4986 feet in its Lea "OR" State Well No. 3 located 660 feet from the South and East lines of Section 12, Township 18 South, Range 36 East, Arkansas Junction-San Andres Pool.
- CASE 8817: Application of Pollution Control, 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 Abo, Wolfcamp, and Devonian formations in the perforated intervals from approximately 5000 feet to 12,164 feet in the L & B Oil Company Inc. State "AJ" Well No. 1 located 2310 feet from the North and East lines (Unit G) of Section 33, Township 18 South, Range 36 East.
- CASE 8818: Application of Yates Petroleum Corporation for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Avalon-Delaware Pool by the injection of water into the perforated interval from approximately 2595 feet to 3685 feet in its Stonewall "YE" State Well No. 1 located 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 30, Township 20 South, Range 28 East.
- CASE 8775: (Continued from January 9, 1986, Examiner Hearing)
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 8809: (Continued and Readvertised)
Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware formation underlying four standard 40-acre oil spacing and proration units being the NW/4 SE/4, NE/4 SE/4, SW/4 SE/4 and SE/4 SE/4 of Section 13, Township 18 South, Range 31 East, each 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 each of said wells and the allocation of the costs 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 8784: (Continued from January 22, 1986, 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 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 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 8810: (Continued from January 22, 1986, Examiner Hearing)
Application of Bliss Petroleum, Inc. for an exception to the special rules and regulations for the Dean Permo-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations of the Dean Permo-Pennsylvanian Pool, as promulgated by Division Order No. R-892, authorizing a 40-acre non-standard oil spacing and proration unit comprising the SW/4 NW/4 of Section 35, Township 15 South, Range 36 East, to be dedicated to a well to be located at a standard oil well location thereon.

- CASE 8819: Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3500 feet to 5600 feet underlying the SE/4 SW/4 of Section 12, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit, to be dedicated to a well located 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 8820: Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and 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 8821: Application of Earle M. Craig, Jr. Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1250 feet from the South line and 660 feet from the East line of Section 25, Township 26 South, Range 30 East, Undesignated Ross Draw-Wolfcamp Gas Pool, the S/2 of said Section 25 to be dedicated to the well.
- CASE 8806: (Continued from January 22, 1986, Examiner Hearing)
Application of Coquina Oil Corporation 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 perforated interval from approximately 7870 feet to 8196 feet in its Pan Canadian Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 34, Township 19 South, Range 25 East.
- CASE 8812: (Continued and Readvertised)
Application of Sun Exploration and Production Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 2080 feet from the North line and 600 feet from the East line of Section 24, Township 18 South, Range 33 East, Morrow formation, the N/2 of said Section 24 to be dedicated to the well.
- CASE 8805: (Continued from January 9, 1986, Examiner Hearing)
Application of Gary-Williams Oil Producer for a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Rio Puerco-Mancos Oil Pool by the reinjection of natural gas into the perforated interval from approximately 3691 feet to 4127 feet in its San Isidro "13" Well No. 11 located 1980 feet from the South and West lines of Section 13, Township 20 North, Range 3 West.
- CASE 8822: Application of Amoco Production Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Gallup production comprising all of Sections 25, 26, 35 and 36 in Township 26 North, Range 3 West, and the promulgation of special rules therefor including a provision for 160-acre spacing and designated well locations.
- CASE 3789: (Continued from January 9, 1986, Examiner Hearing)
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,