

Dockets Nos. 19-87 and 20-87 are tentatively set for June 17 and July 1, 1987. Applications for hearing must be filed at least 12 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 3, 1987

3:15 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 3878: (Reopened)

In the matter of Case 3878 being reopened pursuant to the provisions of Division Order No. R-2235, which order amended Rule 101 of the Division Rules to provide for the acceptance of cash bonds as well as surety bonds. Said rule will be reviewed to determine whether it is appropriate in meeting the needs of industry.

CASE 9139: Application of Elf Aquitaine Petroleum for a horizontal directional drilling pilot project and special operating rules therefor, West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the W/2 of Section 14, Township 23 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool. From a well to be located on the surface 500 feet from the North line and 1500 feet from the West line of Section 14, Township 23 North, Range 3 West, the applicant proposes to extend the wellbore horizontally and dedicate both the NW/4 and SW/4 of said Section 14 in the West Lindrith Gallup-Dakota Oil Pool to the well, either forming two standard 160-acre oil proration units or a single unorthodox 320-acre oil proration unit in said pool. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal extent of the wellbore and special allowable considerations.

CASE 9140: Application of Permian Corporation for an exception to Division Order No. R-3221, as amended, Eddy 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 water produced in conjunction with the production of oil and gas into a salt lake located in the NW/4 of Section 2, Township 23 South, Range 29 East.

CASE 8190: (Reopened)

In the matter of Case 8190 being reopened pursuant to the provisions of Division Order No. R-7556, which order established special rules and regulations for the Bravo Dome 640-Acre Area in Union, Harding, and Quay Counties, including a provision for 640-acre spacing units. Interested parties may appear and show cause why the Bravo Dome 640-Acre Area should not be developed on less than 640-acre spacing and proration units.

CASE 3352: (Reopened)

In the matter of Case 8352 being reopened pursuant to the provisions of Division Order No. R-7737, which order established special rules and regulations for the West Bravo Dome Carbon Dioxide Gas Area in Harding County, including a provision for 640-acre spacing units. Interested parties may appear and show cause why the West Bravo Dome Carbon Dioxide Gas Area should not be developed on less than 640-acre spacing and proration units.

CASE 9126: (Continued from May 20, 1987, Examiner Hearing)

Application of I & W, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Undesignated Empire-Wolfcamp (abandoned) Pool in the perforated interval from approximately 7518 feet to 7832 feet and in the open-hole interval from 7832 feet to 7961 feet in the Frostman Oil Corporation Walter Salt State Well No. 1 located 2240 feet from the South line and 400 feet from the West line (Unit L) of Section 5, Township 18 South, Range 28 East.

CASE 9141: Application of Marshall & Winston, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.1(ii), pooling all mineral interests from the surface to the base of the Abo formation underlying Lot No. 13 (Unit M) of Irregular Section 6, Township 21 South, Range 38 East, forming a standard statewide 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard location 3350 feet from the South line and 660 feet from the East line of said Section 6. Applicant further seeks a 200 percent penalty to be assessed as a charge for the risk involved in the drilling of said well, \$3600.00 per month while drilling and \$360.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named operator of said well and unit. IF THERE ARE NO OBJECTIONS THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

- CASE 9142: 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 the Strawn Formation underlying either the SW/4 NE/4 (Unit G) of Section 36, Township 16 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within the formation, or the W/2 NE/4 of said Section 36 to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 80-acre spacing, either unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the costs incurred in the drilling and completion of the well and the allocation of the costs 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 9143: Application of Amerind Oil Co. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for a well to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 33, Township 16 South, Range 37 East, Shipp-Strawn Pool, the E/2 SW/4 of said Section 33 to be dedicated to the well.
- CASE 9130: (Continued from May 6, 1987, Examiner Hearing) (This case will be continued to July 29, 1987.)
Application of Apache Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 660 feet from the North and East lines of Section 27, Township 22 South, Range 34 East, to test the Morrow formation, the N/2 of said Section 27 to be dedicated to the well.
- CASE 9131: (Continued from May 6, 1987, Examiner Hearing) (This case will be continued to July 29, 1987.)
Application of Apache Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 1980 feet from the South line and 990 feet from the East line of Section 22, Township 22 South, Range 34 East, to test the Morrow formation, the S/2 of said Section 22 to be dedicated to the well.
- CASE 9144: Application of Harvey E. Yates Company for revocation of Division Orders Nos. R-7240 and R-8190 and for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order revoking the provisions of Division Order No. R-7240 relating to the compulsory pooling of the S/2 SE/4 of Section 8, Township 16 South, Range 37 East, and revoking Division Order No. R-8190 in its entirety. Applicant now seeks to pool all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the E/2 SE/4 of said Section 8, forming a standard 80-acre oil spacing and proration unit to be dedicated to its existing East Lovington "8" Well No. 2 located 1874 feet from the South line and 554 feet from the East line (Unit I) of said Section 8, and further pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the W/2 SE/4 of said Section 8, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the costs incurred in the drilling and completion of both 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 9107: (Continued from May 6, 1987, Examiner Hearing)
Application of Mesa Grande Resources, Inc. 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 E/2 of Section 5, Township 25 North, Range 2 West, forming a standard 320-acre oil spacing and proration unit in both pools 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 8963: (Continued from May 6, 1987, Examiner Hearing) (Reopened)
Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the W/2 of Section 16, Township 25 North, Range 2 West, 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 9129: (Continued from May 6, 1987, Examiner Hearing)
Application of Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg to void and vacate Division Order Nos. R-7588 and R-7588-A, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order vacating Division Order Nos. R-7588 and R-7588-A, which orders promulgated Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Pool, including a provision for 320-acre spacing and designated well locations.

CASE 8863: (Reopened)

In the matter of Case 8863 being reopened upon application of Alana Oil and Gas Corporation to vacate or modify Division Order No. R-8210 entered in said Case 8863, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplate the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8210:

Samantha Well No. 1 located 1580' FSL - 1202' FWL (Unit L),
Samantha Well No. 2 located 1985' FSL - 2290' FWL (Unit Y),
Samantha Well No. 3 located 1105' FSL - 2490' FWL (Unit N),
all in Section 26, Township 28 North, Range 1 East; and
Alana Well No. 1 located 511' FSL - 2144' FWL (Unit N) of
Section 11, Township 27 North, Range 1 West.

CASE 8864: (Reopened)

In the matter of Case 8864 being reopened upon the application of Suntex Energy Corporation to vacate or modify Division Order No. R-3223 entered in said Case 8864, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplate the following wells which were ordered plugged pursuant to the provisions of said Order No. R-3223:

Suntex Well No. 1 located 1824' FNL - 570' FWL (Unit E) of Section 26,
Suntex Well No. 2 located 660' FSL - 365' FEL (Unit P) of Section 22,
Suntex Well No. 3 located 1858' FNL - 1800' FWL (Unit F) of Section 14,
Suntex Well No. 4 located 935' FNL - 1650' FWL (Unit C) of Section 22,
Suntex Well No. 5 located 2004' FSL - 2310' FWL (Unit K) of Section 11, and
Suntex Well No. 6 located 1980' FSL - 660' FWL (Unit L) of Section 23,
all in Township 28 North, Range 1 East.

CASE 9074: (Reopened)

In the matter of Case 9074 being reopened upon application of Suntex Energy Corporation to vacate or modify Division Order No. R-8404 entered in said Case 9074, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplate the following wells formerly operated by Texas Rose Petroleum, Inc. which were ordered plugged pursuant to the provisions of said Order No. R-8404:

Well No. 1 located 1824' FSL - 1779' FEL (Unit J) of Section 14,
Well No. 2 located 618' FSL - 2418' FWL (Unit N) of Section 14,
Well No. 3 located 967' FSL - 2148' FWL (Unit N) of Section 11,
Well No. 7 located 990' FSL - 2310' FEL (Unit C) of Section 14, and
Well No. 8 located 2310' FS and WL (Unit K) of Section 14,
all on the El Poso Ranch Lease in Township 28 North, Range 1 East, as
projected into the unsurveyed Tierra Amarilla Land Grant.

CASE 9145: Application of Marathon Oil Company for pool creation, special pool rules, and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Siluro-Devonian production comprising the S/2 SE/4 of Section 14, Township 16 South, Range 38 East, and the promulgation of temporary special rules therefor including a provision for 80-acre spacing units and designated well locations. Applicant further seeks the assignment of a discovery allowable as provided by Rule 509 of the General Rules.

CASE 9146: Application of Marathon Oil Company for the amendment of Division Order No. R-8282, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8282, as amended, which order compulsorily pooled all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East. Applicant now seeks an amendment to said order to include a provision pooling all mineral interests in the Siluro-Devonian formation underlying the S/2 SE/4 of said Section 14 to form an 80-acre spacing unit in the event of the approval of its pending pool creation request in Case No. 9145.

CASE 9142: (Continued from May 6, 1987, Examiner Hearing)

Application of Marathon Oil Company 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 Pennsylvanian formation underlying the N/2 of Section 17, Township 17 South, Range 35 East, forming a 320-acre proration unit for all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled 1980 feet from the North and West lines of said Section 17. Also to be considered will be the costs incurred in the drilling and completion of the well and the allocation of the costs 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 9147: Application of Phillips Petroleum Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard oil proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 2, Township 19 South, Range 32 East, Undesignated East Lusk-Bone Spring Pool, to be dedicated to its State "1-2" Well No. 1 located at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 2.

CASE 9148: Application of Texaco Producing Inc. for a drilling permit in the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Forty-Niner Ridge Unit Well No. 3 to test the Delaware formation at a location 2310 feet from the North and East lines of Section 16, Township 23 South, Range 30 East, said location being within the boundaries of the Potash-Oil Area as defined by Division Order No. R-111-A, as amended, and having been objected to by the owners of potash leases in the area.

CASE 9149: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Chaves and Eddy Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production and designated as the Bear Grass Draw-Cisco Pool. The discovery well is the Phillips Petroleum Company Green B Well No. 12 located in Unit O of Section 18, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 18: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Cabin Lake-Delaware Pool. Further, assign approximately 28,125 barrels of discovery allowable to the discovery well, the Phillips Petroleum Company James A Well No. 2 located in Unit J of Section 2, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: SE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Kaiser Ranch-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Compromise AEJ Federal Com Well No. 1 located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 30: E/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Parkway-Delaware Pool. The discovery well is the Santa Fe Energy Operating Partners, L.P. Parkway 36 State Well No. 1 located in Unit F of Section 36, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 36: NW/4

(e) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 27: S/2 NE/4

(f) EXTEND the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 2: W/2

(g) EXTEND the Grayburg Jackson-Queen-Grayburg-San Andres-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 1: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 24: E/2

- (1) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 23 EAST, NMPM

Section 6: S/2

- (2) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Elddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 20 EAST, NMPM

Section 35: SW/4

Dockets Nos. 18-86 and 19-86 are tentatively set for June 12 and June 25, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 28, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8878: (Continued from May 14, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8903: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS, pursuant to the Natural Gas Policy Act of 1978, as promulgated by Division Order No. R-5878-B, as amended. The proposed amendments to be considered include:

- 1) adopting an administrative procedure for NGPA Section 107, Occluded Natural Gas Produced from Coal Seams, wellhead filing requirements;
- 2) instituting a \$25.00 filing fee for each Application for Wellhead Price Ceiling Category Determinations; and,
- 3) minor changes and/or clarification to the GENERAL RULES, DEFINITIONS, AND FILING REQUIREMENTS for NGPA Categories 102, 103, 107, and 108.

CASE 8904 Application of Amerind Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Wiser "B" State Well No. 1 to be drilled 810 feet from the North line and 1650 feet from the East line of Section 29, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the W/2 NE/4 of said Section 29 to be dedicated to the well.

CASE 8905: Application of Oilfield Services for an oil treating plant permit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 33, Township 29 North, Range 11 West.

CASE 8890: (Continued from May 14, 1986, Examiner Hearing)

Application of Northwest Pipeline Corp. for Hardship Gas Well Classification, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8906: (This case will be dismissed)

Application of Shell Western E & P, Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Shell Black Waterflood Project, authorized by Division Order No. R-2747, dated July 29, 1964, by converting its Black Well No. 1 located 1980 feet from the South and East lines (Unit J) of Section 21, Township 24 South, Range 37 East, Langlie Mattix (Seven Rivers-Queen) Pool, from a producing oil well to a water injection well.

CASE 8891: (Continued from May 14, 1986, Examiner Hearing)

Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Hartman Well No. 1-E to be drilled 1230 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Basin-Dakota Pool, the E/2 of said Section 22 to be dedicated to the well.

CASE 8892: (Continued from May 14, 1986, Examiner Hearing)

Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Nancy Hartman Well No. 1 to be drilled 1100 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the NE/4 of said Section 22 to be dedicated to the well.

CASE 8870: (Continued from May 14, 1986, Examiner Hearing)

Application of Nearburg Producing 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 and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

CASE 8907: Application of Minerals Inc. for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Llano "34" State Com Well No. 1 located 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 34, Township 21 South, Range 34 East, East Grama Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8866: (Continued from April 30, 1986, Examiner Hearing)

Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8874: (Continued from April 30, 1986, Examiner Hearing)

Application of Union Texas Petroleum Corporation for Pool Reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules therefor.

CASE 8818: (Continued from May 14, 1986, Examiner Hearing)

Application of Yates Petroleum 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 Avalon-Delaware Pool in the perforated interval from 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), Section 30, Township 20 South, Range 28 East. In the absence of objection, this case will be approved pursuant to Division Rules and Regulations.

CASE 8908: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending certain pools in Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Buffalo-Yates Pool. Further, assign approximately 17,550 barrels of discovery allowable to the discovery well, the Amoco Production Company Nellis Fed Well No. 3 located in Unit F of Section 6, Township 19 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Lea-Delaware Pool. The discovery well is the Spectrum 7 Exploration Company Mobil State Well No. 1 located in Unit J of Section 2, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: SE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Lea-Wolfcamp Gas Pool. The discovery well is the TXO Production Corporation Jordan B Well No. 2 located in Unit G of Section 11, Township 20 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 11: N/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production with special vertical limits from the top of the Strawn formation at 10,882 feet to the base of the Strawn formation at 11,092 feet as found on Socony Mobil Oil Company State Bridges Well No. 96 located in Unit H of Section 26, Township 17 South, Range 34 East, NMPM, type log for Vacuum area Pennsylvanian pools, said pool to be designated as the Vacuum-Strawn Pool. The discovery well is the Mobil Producing TX & NM Inc. Bridges State Well No. 506 located in Unit N of Section 13, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 13: SW/4

- (e) CONTRACT the horizontal limits of the West Mescalero-Pennsylvanian Pool in Lea County, New Mexico, in order to correct an overlap with the Mescalero-Permo Pennsylvanian Pool, by the deletion of the following described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 33: NW/4

- (f) EXTEND the Antelope Ridge-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 33: W/2 W/2

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 28: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 23: SE/4
Section 24: SW/4

- (j) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 34: N/2

- (k) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 24: SW/4
Section 25: NW/4
Section 26: E/2 NE/4 and S/2
Section 27: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 13: NW/4
Section 14: E/2

- (m) EXTEND the Sand Dunes-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4
Section 7: W/2

Dockets Nos. 17-86 and 18-86 are tentatively set for May 28 and June 11, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 14, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8878: (Continued from April 30, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8839: (Continued and Readvertised)

Application of Jerome P. McHugh for exceptions to the Special Pool Rules for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to the spacing and well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing two unorthodox oil well locations, 1980 feet from the South line and 660 feet from the East line of Section 19 and 1420 feet from the South line and 660 feet from the East line of Section 30, both Sections in Township 25 North, Range 2 West. All of said Section 19 consisting of 187.76 acres, more or less, and all of said Section 30 consisting of 187.88 acres, more or less, are to be dedicated to said wells, respectively, forming two non-standard oil spacing and proration units in said pool, said units to necessitate for the irregular sections along the western side of the subject Township resulting from survey corrections in the United States Public Lands Survey.

CASE 8879: (Continued from April 30, 1986, Examiner Hearing)

Application of Dugan Production Corporation for an exception to the Special Pool Rules for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing an unorthodox oil well location for its Divide Well No. 3 to be located 1780 feet from the South line and 2120 feet from the West line of Section 35, Township 26 North, Range 2 West, the W/2 of said Section 35 to be dedicated to the well.

CASE 8887: Application of Newstar Resources, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the N/2 N/2 of Section 14, Township 20 South, Range 38 East.

CASE 8888: Application of Southwestern, Inc. to vacate and void Division Order No. R-8163, Lea County, New Mexico. Division Order No. R-8163, dated March 3, 1986, authorized the applicant to utilize 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, to dispose of produced salt water into the Vacuum Grayburg-San Andres Pool, with injection into the perforated interval from approximately 4804 feet to 5212 feet. Applicant, in the above-styled cause now seeks to vacate and void Order No. R-8163.

CASE 8889: Application of Apollo Energy, Inc. for three Hardship Gas Well Classifications, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that the following wells in Township 20 South, Range 36 East, Eumont (Yates-Seven Rivers-Queen) Gas Pool are hardship gas wells which should be granted priority access to pipeline takes in order to avoid waste:

Divine State "29" Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 29;

Sinclair State Well No. 1 located 1980 feet from the North and East lines (Unit G) of Section 32; and

Sinclair State Well No. 2, located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 32.

CASE 8890: Application of Northwest Pipeline Corp. for Hardship Gas Well Classification, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

- CASE 8891: Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Hartman Well No. 1-E to be drilled 1230 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Basin-Dakota Pool, the E/2 of said Section 22 to be dedicated to the well.
- CASE 8892: Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Nancy Hartman Well No. 1 to be drilled 1100 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the NE/4 of said Section 22 to be dedicated to the well.
- CASE 8893: Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Mary Jane Well No. 1 to be drilled 590 feet from the South line and 1870 feet from the West line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the SW/4 of said Section 22 to be dedicated to the well.
- CASE 8894: Application of HCW Exploration, Inc. for the amendment of Division Order No. R-8071, Lea County, New Mexico. The New Mexico Oil Conservation Commission issued Division Order No. R-8071 on November 19, 1985 for Case No. 8604, which compulsorily pooled all mineral interests in any gas pool down to and including the Jalmat Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8071 to include a provision pooling all mineral interests in the Jalmat zone underlying the SE/4 SE/4 (Unit P) of said Section 27 if the subject well covered in the original Order is completed as a Jalmat oil well. Applicant further requests that all other provisions in said Order No. R-8071 remain in full force and effect.
- CASE 8895: Application of the Eastland Oil Company for the amendment of Division Order No. R-8165, Eddy County, New Mexico. Division Order No. R-8165, dated February 25, 1986, authorized Eastland Oil Company to institute a waterflood project on its Power Grayburg (Federal) Unit located in portions of Section 1, Township 18 South, Range 30 East, and in portions of Sections 5 and 6, Township 18 South, Range 31 East by the injection of water, under pressure, into the Grayburg formation through four certain wells within the Unit Area. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8165 authorizing a change in the development of the waterflood pattern within the Unit Area.
- CASE 8896: Application of Kirby Exploration Company of Texas for an unorthodox oil well location and simultaneous dedication, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location within the NW/4 of Section 22, Township 19 North, Range 3 West, Southwest Media-Entrada Oil Pool, the NW/4 of said Section 22 forming a standard 160-acre oil spacing and proration unit to be simultaneously dedicated to said well and to its existing Boling Federal Wells Nos. 6 and 8, located in Units F and C of said Section 22, respectively.
- CASE 8030: (Continued from April 16, 1986, Examiner Hearing) (Reopened)
- In the matter of Case 8030 being reopened pursuant to the provisions of Order No. R-7471, which order promulgated temporary special rules and regulations for the Rio Puerco-Mancos Oil Pool in Sandoval County, including a provision for 320-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.
- CASE 8848: (Continued from April 16, 1986, Examiner Hearing)
- Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following three wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:
- 1) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
 - 2) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,
 - 3) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

CASE 8849: (Continued from April 2, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

CASE 8818: (Readvertised)

Application of Yates Petroleum 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 Avalon-Delaware Pool in the perforated interval from 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), Section 30, Township 20 South, Range 28 East. In the absence of objection, this case will be approved pursuant to Division Rules and Regulations.

CASE 8897: Application of Mesa Grande Resources, Inc. 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-Pictured Cliffs Pool underlying the SE/4 of Section 5, 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 8898: Application of HNG Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying the SW/4 of Section 31, Township 24 South, Range 29 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Undesignated Salt Draw-Atoka Gas Pool underlying the W/2 of said Section 31, to form a standard 320-acre gas spacing and proration unit both aforementioned units 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 8870: (Continued from April 30, 1986, Examiner Hearing)

Application of Nearburg Producing 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 and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

CASE 8899: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow Production and designated as the Buffalo Valley-Morrow Gas Pool. The discovery well is the Read and Stevens, Inc. Langley Federal Com Well No. 3, located in Unit O of Section 14, Township 15 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 14: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Corral Canyon-Bone Spring Pool. The discovery well is the United Petroleum Corporation Exxon Federal Well No. 1, located in Unit M of Section 31, Township 25 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 31: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware Production and designated as the South Culebra Bluff-Delaware Pool. The discovery well is the Amoco Production Company Brantly B Well No. 1, located in Unit J of Section 24, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 24: SE/4

- (d) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the North Foor Ranch-Pennsylvanian Gas Pool. The discovery well is the Plains Radio Broadcasting Company Camel State Well No. 2, located in Unit K of Section 6, Township 9 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 6: W/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Leo-Bone Spring Pool. The discovery well is the Yates Petroleum Corporation Benson Deep Unit Well No. 2, located in Unit E of Section 23, Township 18 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 34: NW/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Loco Hills-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Cedar Lake ADI Federal Com. Well No. 1, located in Unit E of Section 26, Township 17 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 26: W/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Loco Hills-Bone Spring Pool. The discovery well is the Harvey E. Yates Loco Sand Hills 9 Federal Well No. 1, located in Unit P of Section 9, Township 18 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 9: SE/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the North Ross Draw-Delaware Pool. The discovery well is the J.C. Williamson Wright Federal Well No. 1, located in Unit P of Section 15, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 15: SE/4

- (i) ASSIGN a discovery allowable of 13,890 barrels to the discovery well for the Catclaw Draw-Delaware Pool in Eddy County, New Mexico. Said discovery well is the Exxon Corporation Catclaw Draw Well No. 8 located in Unit G of Section 22, Township 21 South, Range 25 East, NMPM.

- (j) EXTEND the Atoka Glorietta-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM
Section 4: NE/4 NE/4, S/2 NE/4, SE/4, and NW/4

- (k) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 12: N/2 SW/4

- (l) EXTEND the Four Mile Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 25: S/2

- (m) EXTEND the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 21: E/2

- (n) EXTEND the North Hackberry Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 28: NE/4 NW/4, S/2 NW/4

- (o) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 28: S/2
Section 29: All

- (p) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 17: NW/4
Section 28: NW/4

- (q) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 33: W/2

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 4: W/2

- (r) EXTEND the Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 7: W/2
Section 18: W/2

- (s) EXTEND the Malaga-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 24: NE/4

- (t) EXTEND the West Millman-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 13: N/2

- (u) EXTEND the Rocky Arroyo-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 28: All
Section 33: N/2

- (v) EXTEND the West Ross Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 28: NE/4

- (w) EXTEND the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 35: N/2

- (x) EXTEND the Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 32: S/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 5: N/2
Section 6: NE/4

- (y) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 3: NW/4
Section 4: N/2 and SW/4
Section 5: SE/4

(z) EXTEND the Tamano-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
 Section 2: SW/4
 Section 11: NW/4

Docket No. 16-86

DOCKET: COMMISSION HEARING - TUESDAY - MAY 20, 1986
 9 A.M. - OIL CONSERVATION COMMISSION, ROOM 205, STATE
 LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8822: (De Novo)

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. Upon application of Amoco Production Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8900: 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 from the top of the Mancos formation to the base of the Dakota formation underlying the W/2 of Section 12, Township 25 North, Range 2 West, forming a standard 320-acre spacing and proration unit to be dedicated to its Johnson Federal 12 Well No. 5 which has been drilled at a standard location thereon. Also to be considered will be the costs incurred in the drilling and completion of the well and the allocation of the costs 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 8901: Application of Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc., and Abo Petroleum Corporation for determination of reasonable well costs, Chaves County, New Mexico. The New Mexico Oil Conservation Commission issued Division Order No. R-7393 on December 2, 1983 for Case No. 7984, which compulsorily pooled all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, forming a standard 160-acre gas spacing and proration unit and all mineral interests from the top of the Wolfcamp formation to the Precambrian underlying the W/2 of said Section 20, forming a standard 320-acre gas spacing and proration unit, named Jack J. Grynberg the operator of the units, and established a well costs schedule for each zone based on proposed total depth and depth of the Abo zone. Applicants, in the above-styled cause, as interest owners in the Grynberg State Com. Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 which was drilled pursuant to the compulsory pooling provisions of said Order No. R-7393, now seeks an order ascertaining the reasonableness of actual well costs for the subject well.

CASE 8902: Application of Doyle Hartman for compulsory pooling, two non-standard proration units, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of a well located at an unorthodox well location, 1650 feet from the South line and 660 feet from the West line of Section 22, Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 of Section 22, and the W/2 NW/4 and SE/4 NW/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval of the simultaneous dedication of said 200-acre non-standard proration unit to the subject well in the currently producing Carlson-Harrison Federal Com Wells Nos. 1, 2 and 3. Applicant also seeks the approval of an unorthodox well location 330 feet from the North line and 1650 feet from the West line of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, to be dedicated to a 200-acre non-standard gas proration unit comprising the W/2 SE/4 of Section 22, and the NE/4 NW/4 and the W/2 NE/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool only, and an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying this non-standard proration unit. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 3690: (Continued from April 9, 1986, Commission Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to

effectively and efficiently drain that portion of a 400-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 400-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2, and 3. Applicant further seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above non-standard proration unit. 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 Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8783: (De Novo) (Continued from April 9, 1986, Commission 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 4825 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. Upon application of Joseph S. Sprinkle, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 15-86 and 16-86 are tentatively set for May 14 and May 28, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 30, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8878: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8872: (Continued from April 16, 1986, Examiner Hearing)

Application of RNG Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Queen Lake Unit Agreement comprising 1917.2 acres, more or less, of Federal, State, and Fee lands in Section 36, Township 24 South, Range 28 East and Sections 31 and 32, Township 24 South, Range 29 East.

CASE 8879: Application of Dugan Production Corporation for an exception to the Special Pool Rules for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing an unorthodox oil well location for its Divide Well No. 3 to be located 1780 feet from the South line and 2120 feet from the West line of Section 35, Township 26 North, Range 2 West, the W/2 of said Section 35 to be dedicated to the well.

CASE 8880: Application of Dwight Crawford, d/b/a Crawford Treating Company, for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 of Section 12, Township 20 South, Range 38 East.

CASE 8873: (Continued from April 16, 1986, Examiner Hearing)

Application of Exxon Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware and Bone Spring formations underlying the NW/4 SW/4 of Section 27, Township 22 South, Range 26 East, forming a 40-acre standard oil spacing and proration unit in both zones. Applicant further seeks an order pooling all mineral interests in the Canyon, Strawn, Atoka, and Morrow formations underlying the W/2 of said Section 27, to form a standard 320-acre gas 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 line and 660 feet from the West line of said Section 27. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8773: (Continued and Readvertised)

Application of Bliss Petroleum, Inc. for an unorthodox 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. Applicant further seeks approval of an unorthodox oil well location for said well if completed as an oil well in any formation from the surface to the base of the San Andres formation, the SE/4 SW/4 of said Section 5 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

CASE 8881: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 660 feet from the South and East lines of Section 13, Township 19 South, Range 24 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 8882: Application of Yates Petroleum 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 Lower Abo and Upper Wolfcamp formations, in the perforated interval from 10,050 feet to 10,350 feet in its Freeman ACF Well No. 1, located 660 feet from the South and West lines of Section 22, Township 16 South, Range 37 East.

CASE 8883: Application of Yates Petroleum 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 4058 feet to 4308 feet in its Sun "UW" Fed. Well No. 2 located 1650 feet from the North line and 330 feet from the East line of Section 10, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 8870: (Continued from April 16, 1986, Examiner Hearing)

Application of Nearburg Producing 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 and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

CASE 8884: Application of Mobil Producing Texas and New Mexico, 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 San Andres formation in the perforated interval from 5050 feet to 5650 feet in its Bridges State Well No. 511 located 474 feet from the South line and 1904 feet from the East line of Section 23, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool.

CASE 8874: (Continued from April 16, 1986, Examiner Hearing)

Application of Union Texas Petroleum Corporation for Pool Reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules therefor.

CASE 8885: Application of Amoco Production 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 Wolfcamp formation in the perforated interval from 9080 feet to 9979 feet in its State NC Well No. 1 located 1320 feet from the North line and 660 feet from the East line of Section 3, Township 16 South, Range 32 East, Anderson Ranch-Wolfcamp Pool.

CASE 8866: (Continued from April 2, 1986, Examiner Hearing)

Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8886: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Lea County, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Jabalina-Strawn Gas Pool. The discovery well is the Amoco Production Company Perro Grande Unit Strawn Federal Well No. 1 located in Unit J of Section 6, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 6: E/2

(b) CONTRACT the Warren-Drinkard Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4

(d) EXTEND the West Casey-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 33: NW/4 and E/2 NE/4

(e) EXTEND the Eight Mile Draw-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 24: SE/4
Section 25: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 15: E/2
Section 22: NE/4
Section 23: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 22: SE/4
Section 23: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 17: SW/4
Section 29: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 26: NW/4
Section 27: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 30: S/2

- (k) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 23: SW/4
Section 25: SW/4
Section 26: W/2 NE/4
Section 36: NW/4

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

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 29: NE/4

- (m) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 9: NE/4

- (n) EXTEND the South Shoe Bar-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 22: N/2
Section 23: NW/4