

Dockets Nos. 30-86 and 31-86 are tentatively set for October 8 and October 22, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 17, 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 October, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8983: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing Inc., the Travelers, and all other interested parties to appear and show cause why Oil Processing's authority under Division Order No. R-6053 to operate an oil treating plant located in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East, Lea County, should not be cancelled and why the site of such plant should not be reclaimed in a timely manner and to specifications authorized by the OCD.

CASE 8984: (Continued from September 3, 1986, Examiner Hearing)

Application of H. E. Prince Construction and Petroleum for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Linda-San Andres Pool in the open-hole interval from approximately 1019 feet to 1071 feet in its Federal Well No. 11 located 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 33, Township 6 South, Range 26 East.

CASE 8987: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Red Bluff State Unit Area comprising 8960 acres, more or less, of State and Federal lands in Townships 6 and 7 South, Range 24 East.

CASE 8939: (Continued from August 20, 1986, Examiner Hearing)

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 Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3 located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from August 20, 1986, Examiner Hearing)

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 Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8305: (Reopened) (Continued from September 3, 1986, Examiner Hearing)

In the matter of Case 8305 being reopened pursuant to the provisions of Order No. R-7660, which order promulgated temporary special rules and regulations for the North Chaverco Permo-Pennsylvanian Pool in Roosevelt County, including a provision for 160-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 8988: Application of TXO Production Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the North line and 1980 feet from the West line of Section 12, Township 22 South, Range 27 East, East Carlsbad Wolfcamp Gas Pool, the W/2 of said Section 12 to be dedicated to the well.

CASE 8989: Application of Merrion Oil and Gas Corporation for directional drilling and an unorthodox bottom-hole oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to plug back, side track, and directionally drill their Federal "21" Well No. 1, located at a standard surface location 2310 feet from the South and West lines of Section 21, Township 20 North, Range 5 West, Ojo Encino-Entrada Oil Pool, to a new unorthodox bottom-hole location within 100 feet of a point 2310 feet from the South line and 2610 feet from the West line of said Section 21, the NE/4 SW/4 (Unit K) of said Section 21 to remain as the dedicated acreage to the well.

CASE 8971: (Readvertised)

Application of Cinco, Ltd. for a non-standard gas proration unit and for an exception to Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 32, Township 30 North, Range 7 West, Blanco-Mesaverde Pool, to be dedicated to a well to be drilled at a standard gas well location thereon. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 8972: (Readvertised)

Application of the Estate of Edward Gerber and Iris Gerber Damsen for a non-standard gas proration unit and an exception to Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 32, Township 30 North, Range 7 West, Blanco-Mesaverde Pool, to be dedicated to its existing Ired State Well No. 1 located at a standard gas well location 790 feet from the South line and 1630 feet from the West line (Unit N) of said Section 32. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 8990: Application of A. L. Dawsey, Jr. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed El Vado Well No. 2 to be drilled 1770 feet from the South line and 970 feet from the East line of Section 11, Township 27 North, Range 1 East, Undesignated East Puerto Chiquito-Mancos Oil Pool, the SE/4 of said Section 11 to be dedicated to the well.

CASE 8991: 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 Meyers Well No. 2 to be drilled 1150 feet from the South line and 1750 feet from the West line of Section 33, Township 16 South, Range 37 East, West Casey-Strawn Pool, the E/2 SW/4 of said Section 33 to be dedicated to the well.

CASE 8992: Application of Amoco Production Company for the amendment of Division Order No. R-7267, Lea County, New Mexico. Division Order No. R-7267, dated April 23, 1983, issued in Case No. 7835, compulsorily pooled all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 24, Township 20 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-7267 to include a provision pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 (Unit E) of said Section 24 forming a standard 40-acre oil spacing and proration unit if the subject well covered in the original Order is completed as an oil producing well in the Wolfcamp formation. Applicant further requests that all other provisions in said Order No. R-7267 remain in full force and effect.

CASE 8958: (Continued from August 6, 1986, Examiner Hearing)

Application of Amoco Production Company for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its State FQ Gas Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 26, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8993: Application of Texaco, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Lovington Lumpkin 20 Well No. 2 to be drilled 1470 feet from the South line and 150 feet from the East line of Section 20, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 SE/4 of said Section 20 to be dedicated to the well.

CURENTE AND RATIFICATION

8987

UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

FOR THE RED BLUFF UNIT

CLAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operating of the Red Bluff Unit embracing lands situated in Claves County, New Mexico, which said Agreements are dated 29th day of September, 1986, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owner of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

YATES PETROLEUM CORPORATION

BY: *Randy S. Patterson*  
Attorney-in-fact

105 South Fourth Street  
Artesia, New Mexico 88210

STATE OF NEW MEXICO            )  
  : 68  
COUNTY OF SANTA FE            )

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of October, 1986, by *Randy S. Patterson* Attorney-in-fact of Yates Petroleum Corporation, a New Mexico Corporation, on behalf of said corporation.

My commission expires:  
May 28, 1990

*Deery S. Espy*  
Notary Public

**ILLEGIBLE**

8987

CURSE AND RATIFICATION

~~UNIT AGREEMENT AND UNIT OPERATING AGREEMENT~~  
FOR THE RED BLUFF UNIT  
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operating of the Red Bluff Unit concerning lands situated in Chaves County, New Mexico, which said Agreements are dated 29th day of September, 1986, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owner of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

YATES PETROLEUM CORPORATION

BY: *Randy S. Patterson*  
Attorney-in-fact

105 South Fourth Street  
Artesia, New Mexico 88210

STATE OF NEW MEXICO )  
                                  : ss  
COUNTY OF SANTA FE )

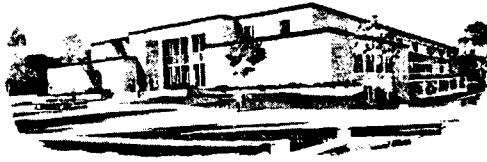
The foregoing instrument was acknowledged before me this 7<sup>th</sup>  
day of October, 1986, by *Randy S. Patterson*  
Attorney-in-fact of Yates Petroleum Corporation, a New Mexico  
Corporation, on behalf of said corporation.

My commission expires:

*May 28, 1990*

*Benny S. Gandy*  
Notary Public

State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

June 8, 1989

8987

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

ATTN: Kathy H. Colbert

RE: Termination of Red Bluff State Unit  
Chaves County, New Mexico

Gentlemen:

Our record indicate that the Red Bluff State Unit Agreement was approved by this office on October 9, 1986. In telephone conversation with Kathy Colbert yesterday afternoon we were informed that Yates Petroleum Corporation considers the Red Bluff State Unit to be terminated.

Our records reflect that the No. 1 well was plugged and abandoned and that the No. 2 well was shut in on August 19, 1988 but never completed. As such, we do not consider that the drilling requirements of the Unit Agreement (Section 8) have been met and the Red Bluff State Unit is terminated effective today.

Please inform all interested parties of this decision.

If we may be of further help, please do not hesitate to call on us.

Very truly yours,

W.R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5749

cc: OCD - Santa Fe

Unit Name Red Bluff State Unit

Operator Yates Petroleum Corporation

County CHAVES

**TERMINATED**

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	8987							
	R-8313	October 9, 1986	7,845.71	7,845.71	-0-	-0-	STRICT	5 years and long as

OCD: 9/22/1986  
CPL: 10/9/1986

**TERMINATED**  
EFFECTIVE DATE 6/2/89  
APPROVAL DATE 6/2/89  
*No Delg to Discovery.*

UNIT AREA

TOWNSHIP 6 SOUTH, RANGE 24 EAST, N.M.P.M.

Section 36: ALL

TOWNSHIP 7 SOUTH, RANGE 24 EAST, N.M.P.M.

All Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22,

Section 23: W/2,NE/4

Section 24: N/2

RED BLUFF STATE UNIT

Unit Name  
Operator  
County

YATES PETROLEUM CORPORATION  
CHAVES

**TERMINATED**

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	DATE	ACREAGE		LESSEE
								RATIFIED	NOT RATIFIED	
1	LG-4332	C. S.	36	6S	24E ✓	All	10/7/86	1,280.00		Yates Petroleum Corp.
2	LG-4335	C. S.	1	6S 15	24E ✓	Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$	10/7/86	963.89		Yates Petroleum Corp.
3	LG-4336	T. Wat. Res.	2	7S	24E ✓	Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$	10/7/86			Yates Petroleum Corp.
		T. Wat. Res.	3	7S	24E ✓	Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$				
		C. S.	2	7S	24E ✓	Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$				
		C. S.	11	7S	24E ✓	E $\frac{1}{2}$				
		C. S.	12	7S	24E ✓	All	10/7/86	1,280.00		Yates Petroleum Corp.
4	LG-4341	S. S.	10	7S	24E ✓	All				
		T. Wat. Res.	11	7S	24E ✓	W $\frac{1}{2}$				
		T. Wat. Res.	14	7S	24E ✓	W $\frac{1}{2}$				
		T. Wat. Res.	13	7S	24E ✓	All	10/7/86	1,280.00		Yates Petroleum Corp.
5	LG-4342	C. S.	14	7S	24E ✓	E $\frac{1}{2}$				
		C. S.	24	7S	24E ✓	N $\frac{1}{2}$				
		T. Wat. Res.	15	7S	24E ✓	All	10/7/86	1,280.00		Yates Petroleum Corp.
6	LG-4343	C. S.	23	7S	24E ✓	NE $\frac{1}{4}$	10/7/86	640.00		Yates Petroleum Corp.
7	LG-4344	C. S.	22	7S	24E ✓	All	10/7/86	160.00		Yates Petroleum Corp.
8	LG-4346	T. Wat. Res.	23	7S	24E ✓	W $\frac{1}{2}$	10/7/86	960.00		Yates Petroleum Corp.

TERMINATED 6/27/87  
 EFFECTIVE DATE 6/27/87  
 APPROVAL DATE 6/27/87  
 ... probably to describe by

8987



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

SLO REF NO. 06-357

Santa Fe

WILLIAM R. HUMPHRIES  
COMMISSIONER

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

August 19, 1987

Yates Petroleum Corporation  
ATTENTION: Mr. Jim Ball  
105 South Fourth Street  
Artesia, New Mexico 88210

Re: Red Bluff State Unit  
Chaves County, New Mexico

Gentlemen:

This office is in receipt of your letter of August 14, 1987, regarding the completion of the Unit Well No. 1 and a request for a six month extension.

Please be advised that the Commissioner of Public Lands concurs with your interpretation of the Unit Agreement that, the second well should be spudded on or before September 6, 1987.

The Commissioner of Public Lands has also this date approved your request for a six month extension to March 6, 1988 in which to commence drilling a second well in the unit. If you should elect at the conclusion of the six month period not to further develop the above unit by drilling a second well within the unitized area, then, this unit will be terminated without further notice on March 7, 1988.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

WILLIAM R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Frando*

FLOYD O. FRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm

cc: CCD-Santa Fe, New Mexico



OCA

Unit Name Red Bluff State Unit  
 Operator Yates Petroleum Corporation  
 County CHAVES

DATE	OCC CASE NO.	8987	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-8313		7,845.71	7,845.71	-0-	-0-	STRICT	5 years and 5 long as
OCD:	9/22/1986		October 9, 1986						
CPL:	10/9/1986								

UNIT AREA

TOWNSHIP 6 SOUTH, RANGE 24 EAST, N.M.P.M.

Section 36: ALL

TOWNSHIP 7 SOUTH, RANGE 24 EAST, N.M.P.M.

All Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22,

Section 23: W/2, NE/4

Section 24: N/2

RED BLUFF STATE UNIT

Unit Name  
Operator  
County

YATES PETROLEUM CORPORATION

CHAVES

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	DATE	ACREAGE		LESSEE
								RATIFIED	NOT RATIFIED	
1	LG-4332	C. S.	36	6S	24E	All	10/7/86	1,280.00		Yates Petroleum Corp.
2	LG-4335	C. S.	1	6S	24E	Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$				
		T. Wat. Res.	2	7S	24E	Lots 3,4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$				
3	LG-4336	T. Wat. Res.	3	7S	24E	Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$	10/7/86	963.89		Yates Petroleum Corp.
		C. S.	2	7S	24E	Lots 1,2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$				
		C. S.	11	7S	24E	E $\frac{1}{2}$				
4	LG-4341	S. S.	12	7S	24E	All	10/7/86	1,280.00		Yates Petroleum Corp.
		T. Wat. Res.	10	7S	24E	All				
		T. Wat. Res.	11	7S	24E	W $\frac{1}{2}$				
		T. Wat. Res.	14	7S	24E	W $\frac{1}{2}$				
5	LG-4342	C. S.	13	7S	24E	All	10/7/86	1,280.00		Yates Petroleum Corp.
		C. S.	14	7S	24E	E $\frac{1}{2}$				
		C. S.	24	7S	24E	N $\frac{1}{2}$				
6	LG-4343	T. Wat. Res.	15	7S	24E	All	10/7/86	1,280.00		Yates Petroleum Corp.
7	LG-4344	C. S.	23	7S	24E	NE $\frac{1}{4}$	10/7/86	640.00		Yates Petroleum Corp.
		T. Wat. Res.	22	7S	24E	All		160.00		Yates Petroleum Corp.
8	LG-4346	T. Wat. Res.	22	7S	24E	All	10/7/86	960.00		Yates Petroleum Corp.
			23	7S	24E	W $\frac{1}{2}$				