

Dockets Nos. 22-88 and 23-88 are tentatively set for July 20 and August 3, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 6, 1988

8:30 A.M. - SAN JUAN COLLEGE, COMPUTER SCIENCE LECTURE CENTER,
ROOM 7103, FARMINGTON, 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 August, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9420: In the matter of the hearing called by the Oil Conservation Division (OCD) on its own motion for pool creation and Special Pool Rules, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico. The OCD on the recommendation of the Fruitland Coalbed Methane Committee, seeks the creation of a new pool for the production of gas from the coalbed seams within the Fruitland formation underlying the following described area:

Township 19 North, Ranges 1 West through 6 West;
Township 20 North, Ranges 1 West through 8 West;
Township 21 North, Ranges 1 West through 9 West;
Township 22 North, Ranges 1 West through 11 West;
Township 23 North, Ranges 1 West through 14 West;
Township 24 North, Ranges 1 East through 16 West;
Township 25 North, Ranges 1 East through 16 West;
Township 26 North, Ranges 1 East through 16 West;
Township 27 North, Ranges 1 West through 16 West;
Township 28 North, Ranges 1 West through 16 West;
Township 29 North, Ranges 1 West through 15 West;
Township 30 North, Ranges 1 West through 15 West;
Township 31 North, Ranges 1 West through 15 West; and
Township 32 North, Ranges 1 West through 13 West.

Also to be considered is the promulgation of special rules, regulations and operating procedures for said pool including, but not limited to, provisions for 320-acre spacing units, designated well locations, limited well density, horizontal wellbore and deviated drilling procedures, venting and flaring rules, and gas well testing requirements.

CASE 9421: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting the vertical limits of certain pools in San Juan and Rio Arriba Counties.

- (a) Contract the vertical limits of the Aztec-Fruitland Pool to include only the sandstone interval of the Fruitland formation and to redesignate said pool as the Aztec-Fruitland Sand Pool.
- (b) Contract the vertical limits of the North Aztec-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the North Aztec-Fruitland Sand Pool.
- (c) Contract the vertical limits of the Blanco-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Blanco-Fruitland Sand Pool.
- (d) Contract the vertical limits of the Conner-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Conner-Fruitland Sand Pool.
- (e) Contract the vertical limits of the Cottonwood-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Cottonwood-Fruitland Sand Pool.
- (f) Contract the vertical limits of the Crouch Mesa-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Crouch Mesa-Fruitland Sand Pool.
- (g) Contract the vertical limits of the Farmer-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Farmer-Fruitland Sand Pool.

- (h) Contract the vertical limits of the Flora Vista-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Flora Vista-Fruitland Sand Pool.
- (i) Contract the vertical limits of the Gallegos-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Gallegos-Fruitland Sand Pool.
- (j) Contract the vertical limits of the South Gallegos-Fruitland-Pictured Cliffs Pool to include only the Pictured Cliffs formation and the sandstone interval in the Fruitland formation and to redesignate said pool as the South Gallegos-Fruitland Sand-Pictured Cliffs Pool.
- (k) Contract the vertical limits of the Glades-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Glades-Fruitland Sand Pool.
- (l) Contract the vertical limits of the Harper Hill-Fruitland Pictured Cliffs Pool to include the Pictured Cliffs formation and the sandstone interval of the Fruitland formation and to redesignate said pool as the Harper Hill Fruitland Sand-Pictured Cliffs Pool.
- (m) Contract the vertical limits of the Jasis Canyon-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Jasis Canyon-Fruitland Sand Pool.
- (n) Contract the vertical limits of the Kutz-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Kutz-Fruitland Sand Pool.
- (o) Contract the vertical limits of the West Kutz-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the West Kutz-Fruitland Sand Pool.
- (p) Contract the vertical limits of the La Jara-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the La Jara-Fruitland Sand Pool.
- (q) Contract the vertical limits of the North Los Pinos-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the North Los Pinos-Fruitland Sand Pool.
- (r) Contract the vertical limits of the South Los Pinos Fruitland-Pictured Cliffs Pool to include the Pictured Cliffs formation and the sandstone interval of the Fruitland formation and to redesignate said pool as the South Los Pinos Fruitland Sand-Pictured Cliffs Pool.
- (s) Contract the vertical limits of the Mt. Nebo-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Mt. Nebo-Fruitland Sand Pool.
- (t) Contract the vertical limits of the Ojo Fruitland-Pictured Cliffs Pool to include the Pictured Cliffs formation and the sandstone interval of the Fruitland formation and to redesignate said pool as the Ojo Fruitland Sand-Pictured Cliffs Pool.
- (u) Contract the vertical limits of the Pinon-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Pinon-Fruitland Sand Pool.
- (v) Contract the vertical limits of the North Pinon-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the North Pinon-Fruitland Sand Pool.
- (w) Contract the vertical limits of the Pump Mesa-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Pump Mesa-Fruitland Sand Pool.
- (x) Contract the vertical limits of the Sedro Canyon-Fruitland Pool to include only the sandstone interval in the Fruitland formation and to redesignate said pool as the Sedro Canyon-Fruitland Sand Pool.
- (y) Contract the vertical limits of the Twin Mounds Fruitland-Pictured Cliffs Pool to include the Pictured Cliffs formation and the sandstone interval of the Fruitland formation and to redesignate said pool as the Twin Mounds Fruitland Sand-Pictured Cliffs Pool.
- (z) Contract the vertical limits of the WAW Fruitland-Pictured Cliffs Pool to include the Pictured Cliffs formation and the sandstone interval of the Fruitland formation and to redesignate said pool as the WAW Fruitland Sand-Pictured Cliffs Pool.

CASE 9413: (Continued from June 22, 1988, Examiner Hearing)

Application of Yates Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special pool rules for the Avalon-Delaware Pool located in portions of Township 20 South, Ranges 27 and 28 East, including a provision to increase the gas-oil ratio limitation to 5,000 cubic feet of gas per barrel of oil. Said area is located approximately 9 miles north of Carlsbad, New Mexico.

CASE 9389: (Continued from June 22, 1988, Examiner Hearing)

Application of Robert N. Enfield for compulsory pooling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the NW/4 of Section 29, Township 7 South, Range 31 East, to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical limits or the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical limits, both aforementioned units to be dedicated to its E. McCombs Well No. 1 drilled at an unorthodox gas well location (for a 320-acre dedication) 1650 feet from the North line and 990 feet from the West line (Unit E) of said Section 29. 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. Said units are located approximately 11 miles south by west of Kenna, New Mexico.

CASE 9359: (Continued from May 25, 1988, Examiner Hearing)

Application of Dugan Production Corporation for a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool as promulgated by Division Order No. R-7471, as amended, to form a 160-acre non-standard oil spacing and proration unit for said pool comprising the NW/4 of Section 25, Township 21 North, Range 4 West, to be dedicated to the existing Husky Federal Well No. 2 located at a standard location 990 feet from the North and West lines (Unit D) of said Section 25. Said well is located approximately 3.25 miles south of Milepost 75 on New Mexico Highway No. 44.

CASE 9422: Application of Meridian Oil Company for central-point gas measurement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to install a central meter run at the end of El Paso Natural Gas Company's pipeline lateral 2C-90, thereby allowing 17 Ballard-Pictured Cliffs producing wells in the Canyon Large Unit to be commingled on the surface and their combined volumes to be metered at one central point. Said metering location is to be in the SE/4 of Section 4, Township 25 North, Range 7 West, being approximately 6 miles northeast by north of Nageezi, New Mexico.

CASE 9423: Application of Meridian Oil Company for central-point gas measurement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to install a central meter run at the end of El Paso Natural Gas Company's pipeline laterals 2C-18 and 2C-151, which are looped together, thereby allowing 26 Blanco Pictured Cliffs producing wells in the Lindrith Unit to be commingled on the surface and their combined volumes to be metered at one point. Said metering location to be in the NW/4 of Section 13, Township 24 North, Range 3 West, being approximately 4 miles west of Lindrith, New Mexico.

CASE 9415: (Continued from June 22, 1988, Examiner Hearing)

Application of Manzano Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Undesignated Santo Nino-Bone Spring Pool underlying either the SW/4 SE/4 of Section 30, Township 18 South, Range 30 East, to form a standard statewide 40-acre oil spacing and proration unit within said vertical limits or the W/2 SE/4 of said Section 30, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing, both aforementioned units 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 risk involved in drilling said well. Said units are located 7.5 miles south by west of Loco Hills, New Mexico.

CASE 9424: (This case will be continued to July 20, 1988)

Application of Horizon Oil and Gas Company for a non-standard oil proration unit and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an approval to commingle production from the Monument-Paddock, Monument-Blinebry, and Undesignated Monument-Tubb Pools within the wellbore of its Anderson Well No. 1 located at a standard oil well location for said zones 330 feet from the South line and 1980 feet for the East line (Unit O) of Section 8, Township 20 South, Range 37 East. Applicant further seeks approval for a 40-acre non-standard oil spacing and proration unit for the Monument-Tubb Pool production for said well comprising the SW/4 SE/4 of said Section 8. Said well is located approximately three miles south of Monument, New Mexico.

CASE 9402: (Continued from June 8, 1988, Examiner Hearing)

Application of Union Texas Petroleum Corporation for an infill well finding, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to FERC Rule 271.305 of the Natural Gas Policy Act of 1978 and to Rule 16.A.5 of Division Order No. R-5878-B, as amended, showing that its State Com Well No. 1-A located 1028 feet from the North line and 1120 feet from the East line (Unit A) of Section 16, Township 28 North, Range 9 West, Basin-Dakota Pool, is needed to effectively and efficiently drain the existing 320-acre gas spacing and proration unit comprising the E/2 of said Section 16 which could not otherwise be produced by either the existing well or any other such well which has produced from the Basin-Dakota Pool within said unit. This unit is located approximately 4.75 miles southeast by south of Blanco, New Mexico.

CASE 9385: (Continued from June 22, 1988, Examiner Hearing)

Application of Blackwood & Nichols Co., Ltd. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ojo Alamo or Kirtland formation in the perforated interval from approximately 2422 feet to 2531 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West. Said well is approximately 8 miles north-northeast of the Navajo Lake Dam.

CASE 9425: Application of Nearburg Producing Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its B & B Well No. 2 to be drilled 660 feet from the South and East lines (Unit P) of Section 22, Township 19 South, Range 25 East, Boyd-Morrow Gas Pool, the E/2 of said Section 22 to be simultaneously dedicated to said well and to the existing B & B Well No. 1 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 22. Said unit is located approximately 4.5 miles northwest of north of Seven Rivers, New Mexico.

CASE 9426: Application of Nearburg Producing Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formations underlying the N/2 of Section 26, Township 19 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North and West lines (Unit D) in said Section 26. 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. Said unit is located approximately 5 miles west of Lakewood, New Mexico.

CASE 9427: Application of Nearburg Producing Company for an unorthodox gas well location, and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Parino Well No. 2 to be drilled 1500 feet from the South and West lines (Unit K) of Section 23, Township 19 South, Range 25 East, Boyd-Morrow Gas Pool, the S/2 of said Section 23 to be simultaneously dedicated to said well and to the existing Parino Well No. 1 located at a previously approved unorthodox gas well location (R-7381) 1980 feet from the South and East lines (Unit I) of said Section 23. Said unit is located approximately 4 miles northwest by north of Seven Rivers, New Mexico.

CASE 9407: (Continued from June 22, 1988, Examiner Hearing)

Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2310 feet from the South line and 960 feet from the East line (Unit I) of Section 11, Township 22 South, Range 24 East, Undesignated McKittrick Hills-Morrow Gas Pool, the S/2 of said Section 11 to be dedicated to said well. This location is approximately 14.5 miles west of Carlsbad, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - JULY 14, 1988

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

CASE 9428: In the matter of Case 9428 being called by the Oil Conservation Division on its own motion pursuant to the provisions of Division Order No. R-6446-B, as amended, which approved the Bravo Dome Carbon Dioxide Gas Unit Agreement in Harding, Union, and Quay Counties, New Mexico, to permit Amoco Production Company, the operator of said unit, to review operations and demonstrate to the Commission that its operations within the unit are resulting in the prevention of waste and the protection of correlative rights on a continuing basis.

CASE 9365: (De Novo)

Application of Hanley Petroleum Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 990 feet from the South line and 330 feet from the West line (Unit M) of Section 10, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, the W/2 SW/4 of said Section 10 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for either pool. Said location is approximately 3.8 miles Northwest by North of Humble City, New Mexico. Upon application of Exxon Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9129: (De Novo)

Application of Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg to vacate Division Order Nos. R-7588 and R-7588-A, and/or for the formation of six 160-acre gas proration units, San Juan County, New Mexico. Applicants, in the above-styled cause, seek an order vacating the 320-acre spacing provisions of Order Nos. R-7588 and R-7588-A as to applicants from February 1, 1984 through the date notice of 320-acre spacing was provided to applicants, and/or the formation of six 160-acre gas spacing and proration units for said pool in the W/2 of Section 33 and all of Section 28, Township 32 North, Range 10 West. This area encompasses Cedar Hill, New Mexico. Upon application of Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9331: (De Novo)

Application of Phillips Petroleum Company for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 22, Township 17 South, Range 35 East, to test the South Shoe Bar-Atoka Gas Pool and the Morrow formation, said well to be dedicated either to a 160-acre non-standard gas proration and spacing unit consisting of the N/2 SW/4 and W/2 NW/4 of said Section 22, or in the alternative, to an 80-acre non-standard gas proration and spacing unit consisting of the W/2 NW/4 of said Section 22. Said location is approximately 3.5 miles Northeast by East of Buckeye, New Mexico. Upon application of Phillips Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9429: Application of Phillips Petroleum Company for compulsory pooling and amend Division Administrative Order NSP-1470 (L) or in the alternative, to rescind Division Administrative Order NSP-1470(L), rededicate acreage to form a standard 320-acre gas spacing and proration unit, and for an order pooling all mineral interests therein, Lea 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 Pennsylvanian formation underlying the W/2 of Section 22, Township 17 South, Range 35 East, forming a standard 320-acre spacing and proration unit to be dedicated to a well to be drilled at a standard gas well location in either Unit E or Unit F of said Section 22, with the corresponding deletion of the E/2 NW/4 from the existing 240-acre non-standard spacing and proration unit, approved by Administrative Order NSP-1470(L), which now comprises the NE/4 and the E/2 NW/4 of said Section 22 dedicated to the T. H. McElvain New Mexico "AC" State Well No. 1 located 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. 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 proposed well and a charge for risk involved in drilling said well. IN THE ALTERNATIVE, applicant seeks the termination of the existing 240-acre non-standard spacing and proration unit now dedicated to said New Mexico "AC" State Well No. 1 as authorized by said Order NSP-1470(L) and the concomitant pooling of all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation underlying the N/2 of Section 22 forming a standard 320-acre spacing and proration unit to be dedicated to said New Mexico "AC" State Well No. 1. Also to be considered will be the cost of participation in the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision. Applicant further requests that T. H. McElvain Oil and Gas Properties remain as operator of the well. This area is located approximately 3.75 miles east-northeast of Buckeye, New Mexico.

CASE 9430: Application of Mobil Exploration and Producing U.S. Inc. as agent for Mobil Producing Texas and New Mexico, Inc. for compulsory pooling or in the alternative, either: (1) to rescind Division Administrative Order NSP-1470(L), rededicate acreage to form a standard 320-acre gas spacing and proration unit, and for an order pooling all mineral interests therein; or, (2) for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rescind Division Administrative Order NSP-1470 (L), which order authorized a 240-acre non-standard gas spacing and proration unit in the Atoka formation for the T. H. McElvain Oil and Gas Properties New Mexico "AC" State Well No. 1 located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 22, Township 17 South, Range 35 East and to pool all mineral interests in the South Shoe Bar-Atoka Gas Pool underlying the E/2 of said Section 22, thereby forming a standard 320-acre oil spacing and proration unit to be dedicated to said existing well. Also to be considered will be the cost of participation in the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Applicant further requests that T. H. McElvain Oil and Gas Properties remain as operator of the well; or IN THE ALTERNATIVE, the applicant seeks, either: (1) an order pooling all mineral interests in the South Shoe Bar-Atoka Gas Pool and Morrow formation underlying the S/2 of Section 22, Township 17 South, Range 35 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; or, (2) approval for a 240-acre non-standard gas spacing and proration unit for production for the Atoka and Morrow formations comprising the SE/4 and S/2 SW/4 of said Section 22, to be dedicated to a well to be drilled at a standard gas well location in the SE/4. This area is located approximately 3.75 miles east-northeast of Buckeye, New Mexico.