

Dockets Nos. 26-87 and 27-87 are tentatively set for August 26 and September 9, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 12, 1987

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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for September, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9169: (Continued from July 29, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit C.R. (Carl) Robinson, John Iley, Eastern Indemnity Company of Maryland, and all other interested parties to appear and show cause why the O.F. Baca Well No. 1 located 660 feet from the North line and 1920 feet from the West line (Unit C) of Section 3, Township 5 North, Range 4 East, Valencia County, New Mexico, as projected into the Tome Land Claim, should not be plugged and abandoned in accordance with a Division-approved plugging program, said well being located approximately 15 miles east of Belen, New Mexico.

CASE 9179: (Continued from July 29, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

- Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);
- Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);
- Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L);
- and Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.5 to 3 miles south of Buckeye, New Mexico.

CASE 9187: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Evans Production Company, American Motorists Insurance Company and all other interested parties to appear and show cause why the five wells listed below should not be plugged and abandoned in accordance with a division-approved plugging program:

- Inditos Well No. 1 located 2310 feet from the North line and 330 feet from the East line (Unit H) of Section 15, Township 16 North, Range 9 West;
- Bullseye Well No. 2 located 540 feet from the South line and 1560 feet from the West line (Unit N) of Section 18, Township 16 North, Range 9 West;
- Bullseye Well No. 9 located 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 18, Township 16 North, Range 9 West;
- Bullseye Well No. 8 located 330 feet from the North line and 990 feet from the West line (Unit D) of Section 19, Township 16 North, Range 9 West; and,
- Bullseye A Well No. 2 located 990 feet from the South and East lines (Unit P) of Section 13, Township 16 North, Range 10 West, all in McKinley County.

These wells are located in an area approximately 14 miles north of Ambrosia Lake, New Mexico.

CASE 9188: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Chaves Unit Area comprising 8,600.11 acres, more or less, of State, Federal and Fee lands in the eastern half of Township 5 South, Range 23 East. The middle of said acreage is approximately 7 miles southeast of Highway Junction US-285 and New Mexico 20.

CASE 8863: (Continued from July 1, 1987, Examiner Hearing) (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 recomplete 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 K),  
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: (Continued from July 1, 1987, Examiner Hearing) (Reopened)

In the matter of Case 8864 being reopened upon the application of Suntex Energy Corporation to vacate or modify Division Order No. R-8223 entered in said Case 8864, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplete the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8223:

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 23,  
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: (Continued from July 1, 1987, Examiner Hearing) (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 recomplete 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 - 1778' 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 O) 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 9169: Application of Ray Westall for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cherry Canyon formation in the perforated interval from approximately 3670 feet to 3720 feet in its Merland Well No. 1 located 990 feet from the South line and 1870 feet from the East line (Unit O) of Section 24, Township 22 South, Range 26 East, South Carlsbad Delaware Pool, said well is approximately 6.5 miles south of Black River Village, New Mexico.

CASE 9180: (Continued from July 29, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling and a non-standard oil proration unit, 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 Canyon formation underlying either the NE/4 SW/4 (Unit K) of Section 30, Township 19 South, Range 25 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the E/2 SW/4 and Lots 3 and 4 of said Section 30 to form a non-standard 162.76-acre oil spacing and proration unit within the North Dagger Draw-Upper Pennsylvanian Pool, both aforementioned units 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 the risk involved in drilling said well. Said location is approximately 8.75 miles west of Lakewood, New Mexico.

CASE 9171: (Continued from July 29, 1987, Examiner Hearing)

Application of MorOilCo, 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 Yates, Seven Rivers, and Queen formations in the perforated interval from approximately 3951 feet to 3995 feet and in the open hole interval from approximately 4064 feet to 5000 feet in the Atlantic Richfield Company's Mescalero Ridge Unit "MA" Well No. 31 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 19 South, Range 34 East, Undesignated Pearl-Queen Pool and Quail Ridge-Yates Gas Pool, which is approximately 2.5 miles north of N.M. milepost No. 77 on U.S. Highway 62/180.

CASE 9190: Application of Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Gallup and Pictured Cliffs formations in the wellbore of its Jicarilla 519 Well No. 1 located 790 feet

from the South line and 1670 feet from the East line (Unit O) of Section 18, Township 30 North, Range 2 West, Jicarilla Apache Indian Reservation. Said Well is located approximately 2.5 miles west-northwest of Highway Junction US-64 and New Mexico 537.

CASE 9191: Application of Amerind Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the S/2 of Section 28, Township 16 South, Range 37 East, Undesignated Casey-Strawn, Undesignated West Casey-Strawn, and Undesignated Northeast Lovington-Pennsylvanian pools, forming a standard 80-acre oil spacing proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 6.5 miles east-southeast of Lovington, New Mexico.

CASE 9192: Application of Terra Resources, Inc. 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 Undesignated Diamond Mound Atoka-Morrow Gas Pool underlying the E/2 of Section 7, Township 16 South, Range 28 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 660 feet from the North and East lines (Unit A) of said Section 7. 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 location is approximately 1 mile east from the top of Diamond Mound.

Case 9193: Application of Conoco Inc. for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1390 feet from the North line and 1720 feet from the West line (Unit F) of Section 9, Township 18 North, Range 10 West (which is approximately 2 miles northeast of Seven Lakes, New Mexico), to test the Entrada formation, the SE/4 NW/4 of said Section 9 to be dedicated to the well.

Case 9194: Application of Pennzoil Company for approval of an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2310 feet from the North line and 1650 feet from the East line (Unit G) of Section 16, Township 16 South, Range 37 East, undesignated Northeast Lovington-Pennsylvanian Pool, the S/2 NE/4 of said Section 16 to be dedicated to the well. Said location is approximately 1.4 miles south of Milepost 5.5 on New Mexico Highway No. 83.

CASE 9195: Application of Pennzoil Company for approval of an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1650 feet from the North line and 2100 feet from the West line (Unit F) of Section 16, Township 16 South, Range 37 East, Undesignated Northeast Lovington-Pennsylvanian Pool, the E/2 NW/4 of said Section 16 to be dedicated to the well. Said location is approximately 1.3 miles south of Milepost 5.5 on New Mexico Highway No. 83.

CASE 9123: (Continued from July 15, 1987, Examiner Hearing)

Application of Curtis J. Little for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: (Continued from July 15, 1987, Examiner Hearing)

Applicator of Rocanville Corporation for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 17 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9196: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating the following pool in Harding and Union Counties, New Mexico:

(a) CREATE a new pool in Harding and Union Counties, New Mexico, classified as a carbon dioxide gas pool for Tubb production and designated as the Bravo Dome Carbon Dioxide (640-Acre) Gas Pool. Said pool would comprise:

TOWNSHIP 18 NORTH, RANGE 33 EAST, NMPM  
Sections 1 through 4: All  
Sections 9 through 16: All  
Sections 23 through 26: All

TOWNSHIP 18 NORTH, RANGE 34 EAST, NMPM  
Sections 1 through 30: All  
Sections 33 through 36: All

TOWNSHIP 18 NORTH, RANGE 35 EAST, NMPM  
Sections 1 through 24: All  
Sections 27 through 32: All

TOWNSHIP 19 NORTH, RANGE 33 EAST, NMPM  
Sections 1 through 4: All  
Sections 9 through 16: All  
Sections 20 through 29: All  
Sections 34 through 36: All

TOWNSHIP 19 NORTH, RANGE 34 EAST, NMPM  
Sections 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 35 EAST, NMPM  
Sections 1 through 11: All  
Sections 13 through 36: All

TOWNSHIP 19 NORTH, RANGE 36 EAST, NMPM  
Section 31: All

TOWNSHIP 20 NORTH, RANGE 33 EAST, NMPM  
Sections 1 through 15: All  
Sections 23 through 26: All  
Sections 34 through 36: All

TOWNSHIP 20 NORTH, RANGE 34 EAST, NMPM  
Sections 2 through 36: All

TOWNSHIP 20 NORTH, RANGE 35 EAST, NMPM  
Sections 17 through 21: All  
Sections 28 through 34: All

TOWNSHIP 21 NORTH, RANGE 33 EAST, NMPM  
Sections 31 through 36: All

TOWNSHIP 21 NORTH, RANGE 34 EAST, NMPM  
Sections 31 through 34: All

Suggested Name: Bravo Dome Carbon Dioxide (640-Acre) Gas Pool

CASE 9197: Application of Marshall & Winston, Inc. for the amendment of Division Order No. R-8457, Lea County, New Mexico. Division Order No. R-8457 issued in Case No. 9141 and pursuant to the provisions set forth by General Rule 1207.1(ii) on June 15, 1987 compulsorily pooled all mineral interests in the Abo formation underlying Lot 13 (Unit M) of Irregular Section 6, Township 21 South, Range 38 East (being approximately 1.2 miles east of Milepost 38 on New Mexico Highway No. 18), forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Applicant, in the above styled cause, now seeks the amendment of Order R-8457 changing the monthly overhead charges for supervision while drilling and producing said well to \$4,500.00 and \$450.00, respectively. All other provisions in said Order No. R-8457 shall remain in full force and effect. IF THERE ARE NO OBJECTIONS THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 9168: (Continued from July 1, 1987, Examiner Hearing)

Application of J.(James) A. Davidson for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interested owner in the Marathon Oil Company Benson Well No. 1 located 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East (located approximately 2 1/2 miles south of the old Hobbs Army Air Corps Auxiliary Airfield No. 1 on State Highway No. 132), which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-8282, as amended, seeks an order ascertaining the reasonableness of actual well costs for the subject well.