

Dockets Nos. 28-91 and 29-91 are tentatively set for October 3, 1991 and October 17, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 19, 1991

**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 Jim Morrow, or Michael E. Stogner, Alternate Examiners:

CASE 10383: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Moonshine State Unit Agreement for an area comprising 4,800 acres, more or less, of State and Fee lands in portions of Townships 18 and 19 South, Range 36 East, which is located in an area surrounding Arkansas Junction, New Mexico.

CASE 9140: Application of Scurlock Permian Corporation, formerly Permian Corporation, to reopen Case 9140 for the purpose of rescinding Division Order No. R-8481, which authorized a commercial salt water disposal facility in the NW/4 of Section 2, Township 23 South, Range 29 East, Eddy County, New Mexico. **IN THE ABSENCE OF OBJECTION, SAID REQUEST TO RESCIND DIVISION ORDER NO. R-8481 SHALL BE GRANTED.**

CASE 10280: (Continued from September 5, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10379: (Continued from September 5, 1991, Examiner Hearing.)

Application of Thomas Ray Sivley 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 Federal Silver Lease Well No. 2 to be drilled 1400 feet from the South line and 1600 feet from the East line (Unit J) of Section 28, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, an existing 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of said Section 28 is to be dedicated to said well. Said unit is located approximately 5 miles south of U.S. Highway 62/180 at mile marker No. 78.

CASE 10370: (Readvertised)

Application of Coleman Oil and Gas, Inc. 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 Point Lookout interval of the Blanco-Mesaverde Pool in the perforated interval from approximately 4380 feet to 4480 feet in its Sunco Disposal Well No. 1 to be drilled 1595 feet from the North line and 1005 feet from the West line (Unit E) of Section 2, Township 29 North, Range 12 West. Said location is approximately 2.5 miles south by east of Flora Vista, New Mexico.

CASE 10360: (Continued from August 22, 1991, Examiner Hearing.)

Application of Bird Creek Resources, Inc. 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 Delaware formation or to a depth of 6300 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 990 feet from the North line and 760 feet from the West line 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 well and a charge for risk involved in drilling said well. Said well is located approximately 1 mile northeast of Loving, New Mexico.

CASE 10384: Application of Bird Creek Resources, Inc. 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 Delaware formation or 6300 feet, whichever is deeper, underlying the SE/4 NE/4 (Unit H) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is 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. Said well is located approximately 2 miles east by north of Loving, New Mexico.

CASE 10385: Application of Bird Creek Resources, Inc. 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 Delaware formation or 6300 feet, whichever is deeper, underlying the NW/4 NE/4 (Unit B) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is 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. Said well is located approximately 1.5 miles east-northeast of Loving, New Mexico.

CASE 10386: Application of McKay Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the N/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre oil or gas spacing and proration unit for said pool. Said unit is 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 unit is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

CASE 10372: (Continued from September 5, 1991, Examiner Hearing.)

Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. 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 15 miles west-southwest of Dulce, New Mexico.

CASE 10352: (Continued from September 5, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. 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 Morrow formation underlying the W/2 of Section 36, Township 20 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Palmillo Draw-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 SW/4 of said Section 36. 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 12 miles southwest of Loco Hills, New Mexico.

CASE 10387: Application of Stevens Operating Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its McClellan Federal Well No. 5 to be drilled 1650 feet from the South line and 330 feet from the West line (Unit L) of Section 27, Township 13 South, Range 29 East, Undesignated South Lone Wolf-Devonian Pool, the SW/4 of said Section 27 to be dedicated to said well forming a standard 160-acre oil spacing and proration unit for said pool. Said unit is located approximately 18 miles east by north of Hagerman, New Mexico.

CASE 10388: Application of Stevens Operating Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its McClellan Federal Well No. 6 to be drilled 660 feet from the North line and 330 feet from the West Line (Unit D) of Section 27, Township 13 South, Range 29 East, Undesignated South Lone Wolf-Devonian Pool, the NW/4 of said Section 27 to be dedicated to said well forming a standard 160-acre oil spacing and proration unit for said pool. Said unit is located approximately 18 miles east by north of Hagerman, New Mexico.

CASE 10375: (Continued from September 5, 1991, Examiner Hearing.)

Application of Union Oil Company of California D/B/A UNOCAL for high angle directional drilling pilot project, special operating rules therefor, unorthodox gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle directional drilling pilot project in an existing 160-acre gas spacing and proration unit in the South Blanco Pictured Cliffs Pool comprising the NE/4 of Section 20, Township 27 North, Range 6 West. The applicant proposes to utilize its existing Rincon Unit Well No. 254 located at an unorthodox surface gas well location 1419 feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and penetrate the Pictured Cliffs formation with a 60 degree angled wellbore oriented in a westerly direction. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 790 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the South Blanco Pictured Cliffs Pool, as promulgated by Division Order No. R-8170, as amended. Further, the applicant proposes to simultaneously dedicate production from said well with production from the existing Rincon Unit Well No. 52 located at a standard gas well location 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 20, therefore any provisions adopted for said project area should contain provisions allowing for appropriate exceptions or amendments to the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by said Order No. R-8170, as amended. Said unit is located approximately 10.5 miles southwest by south of Gobernador, New Mexico.

CASE 10252: (Continued from July 11, 1991, Examiner Hearing.)

Application of Amerada Hess Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed North Monument Grayburg/San Andres Unit Area (Division Case No. 10253) located in portions of Townships 19 and 20 South, Ranges 36 and 37 East, by the injection of water into the Eunice Monument Grayburg-San Andres Pool through 108 certain wells to either be recompleted or converted from producing or abandoned wells to water injection wells. Said project area surrounds Monument, New Mexico.

CASE 10389: Application of Chi Operating Inc. for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying Lots 1 and 2, S/2 NW/4, SW/4 (W/2 equivalent) of Section 5, Township 8 South, Range 37 East, forming a 319.09-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently is applicable to only gas wells drilled in the Undesignated Bluitt-San Andres Associated Pool. Said unit is 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. Said unit is located approximately 1 mile north of Bluitt, New Mexico.

CASE 10363: (Continued from September 5, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is 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 well is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

CASE 9872: (Reopened)

In the matter of Case 9872 being reopened pursuant to the provisions of Division Order No. R-9463, which order, among other things, provided for the reopening of said Case 9872 in order that all operators in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, may appear and present evidence relative to the permanent termination of gas prorationing for said Burton Flat-Morrow Gas Pool.

CASE 10390: 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 Chaves and Lea Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Bootleg Ridge-Atoka Gas Pool. The discovery well is the Pogo Producing Company NBR Well No. 1 located in Unit J of Section 18, Township 22 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 18: E/2

- (b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Abo production and designated as the Cedar Point-Abo Pool. The discovery well is the McClellan Oil Corporation McClellan A Fed. Well No. 2 located in Unit H of Section 27, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 27: NE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Dos Amigos-Wolfcamp Pool. The discovery well is the Harvey E. Yates Company Buckeye 12 State Well No. 1 located in Unit F of Section 12, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 12: NW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Gem-Bone Spring Pool. The discovery well is the Mitchell Energy Corporation Sapphire Federal Unit Well No. 1 located in Unit J of Section 23, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 23: SE/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Gem-Delaware Pool. The discovery well is the Mitchell Energy Corporation Sapphire Federal Unit Well No. 2 located in Unit C of Section 23, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 23: NW/4

- (f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the South Laguna Valley-Morrow Gas Pool. The discovery well is the BTA Oil Producers Aline 9012 JV-P Well No. 1 located in Unit G of Section 36, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 36: N/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Livingston Ridge-Delaware Pool. The discovery well is the Yates Petroleum Corporation Rosemary AJB Federal Well No. 1 located in Unit L of Section 6, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the North Nonombre-Upper Pennsylvanian Pool. The discovery well is the Yates Petroleum Corporation Fort AIO Well No. 1 located in Unit P of Section 20, Township 13 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM
Section 20: SE/4

- (i) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Pearl-Bone Spring Pool. The discovery well is the Nearburg Producing Company Perla Well No. 1 located in Unit J of Section 19, Township 19 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

Section 19: SE/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the North Skaggs-Abo Pool. The discovery well is the Long Trusts CBM Well No. 1 located in Unit P of Section 24, Township 19 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 24: SE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Fusselman production and designated as the North Teague-Fusselman Pool. The discovery well is the Texaco Exploration & Production Inc. B. F. Harrison B Well No. 3 located in Unit C of Section 9, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 9: NW/4

- (l) CONTRACT the Pearl-Seven Rivers Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 36: NE/4

- (m) CONTRACT the Warren-Blinebry Tubb Oil and Gas Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 35: N/2 NE/4

- (n) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 35: N/2 NE/4

- (o) EXTEND the East Anderson Ranch-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 2: Lots 9, 10, 11, 12, 13, 14, 15 and 16

- (p) EXTEND the North Bagley-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 5: S/2 SW/4

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

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 27: N/2

- (r) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 10: SW/4

Section 15: W/2

- (s) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 24: NE/4

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 19: N/2

- (t) EXTEND the East El Mar-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM

Section 26: S/2

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

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 19: SW/4

- (v) EXTEND the Lea-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 25: NW/4

- (w) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM

Section 18: NW/4

- (x) EXTEND the Nadine Drinkard-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 25: SW/4

Section 26: SE/4

- (y) EXTEND the Oil Center-Glorieta Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 10: NE/4

- (z) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 26: N/2

- (aa) EXTEND the Pearl-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 20: SE/4

Section 28: NW/4

Section 29: NE/4

- (bb) EXTEND the Pearl-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 25: SW/4

- (cc) EXTEND the South Pearl-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 36: E/2

- (dd) EXTEND the Rhodes Yates-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 14: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 26: NE/4

- (ff) EXTEND the South Shoe Bar-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 6: W/2

- (gg) EXTEND the East Triste Draw-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 20: N/2 and SE/4