

CASE 10413: (Continued from November 21, 1991, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation to revise the special rules and regulations for the Snake Eyes-Dakota "D" Gas Pool and for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-4343, which authorized 320-acre spacing units and limited well location requirements in the Snake Eyes-Dakota "D" Gas Pool, by either permitting the drilling of an optional second well on an existing 320-acre spacing unit without notice and hearing, provided that the second well would not be drilled in the quarter section of the unit which does not contain a well OR, IN THE ALTERNATIVE, to reestablish 160-acre spacing in said pool. In either instance the applicant further seeks to allow well locations to be no closer than 330 feet from the outer boundary of a spacing unit nor 330 feet from any quarter/quarter section line or subdivision inner boundary. Said pool is comprised of Sections 17 and 20, Township 21 South, Range 8 West, which is located approximately 15 miles south by east of Nageesi, New Mexico. In conjunction to the proposed rule changes the applicant seeks approval for an unorthodox gas well location for the existing Santa Fe "20" Well No. 3 located 2220 feet from the North line and 990 feet from the East line (Unit H) of said Section 20.

CASE 10418: **Application of Amoco Production Company for an exception to Rule 303-A and 309-A, surface commingling of condensate, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rules 303-A and 309-A for the surface commingling of condensate production from gas wells completed in the Pictured Cliffs formation, Blanco-Mesaverde Pool, Otero-Chacra Pool, and Basin-Dakota Pool in the San Juan 28-7 Unit located in all or portions of Townships 27 and 28 North, Range 7 West, which is located approximately 16 miles east-southeast of Blanco, New Mexico.

Application of BTA Oil Producers for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Undesignated White City-Pennsylvanian Gas Pool for a well to be drilled 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, which is located approximately 3.5 miles northwest of Black River Village, New Mexico. All of said Section 4 is to be dedicated to the well forming a non-standard 637.12-acre gas spacing and proration unit for said pool.

CASE 10420: **Application of Union Oil Company of California d/b/a UNOCAL, for designation of a tight formation, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Basin-Dakota Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

CASE 10421: **Application of Union Oil Company of California d/b/a UNOCAL for designation of a tight formation, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Blanco-Mesaverde Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

CASE 10422: **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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

CASE 10412: (Continued from November 21, 1991, Examiner Hearing.)

Application of MW Petroleum Corporation/Apache Corporation to amend Division Order No. R-9487-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9487-A, dated, which authorized the drilling of a well at an unorthodox gas well location 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. Applicant specifically seeks to amend the gas allowable acreage factor assigned to the well by said order. All of Section 12 is dedicated to the subject well forming a standard 640-acre gas spacing and proration unit for said pool. Said unit is located approximately 20 miles West of Carlsbad, New Mexico.

ets Nos. 36-91 and 1-92 are tentatively set for December 19, 1991 and January 9, 1992. Applications for hearing must be filed at 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 5, 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 Michael E. Stogner, Alternate Examiner:

CASE 10415: Application of Samuel Gary, Jr. and Associates for a horizontal directional drilling pilot project, special operating rules therefor, an unorthodox surface oil well location, an exception to the pool's gas/oil ratio limitation factor, simultaneous dedication and possibly a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by drilling vertically from an unorthodox surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 4, Township 20 North, Range 2 West, to a depth of approximately 3250 feet, kick-off in a northerly direction, build angle to approximately 83 degrees and then drill horizontally for approximately 3850 feet. The applicant is proposing to establish a window in the W/2 equivalent of said Section 4 whereby a horizontal displacement of said well's producing interval will be no closer than 660 feet from the W/2 outer boundary. Further, the applicant seeks the adoption of special operating provisions within the pilot project area including a special Gas-Oil Ratio of 1000 to 1 and the flexibility to dedicate up to the 597.28 acres comprising all of said Section 4. Also to be included is the simultaneous dedication of the proposed well with the existing Johnson "4" Well No. 14 located 860 feet from the South line and 1650 feet from the West line (Unit N) which has dedicated to it the S/2 of said Section 4. The subject area is located approximately 5.5 miles west-southwest of Cuba, New Mexico.

CASE 10416: Application of Presidio Exploration, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C. (2) to allow for the simultaneous dedication of East Burton Flat-Strawn Gas Pool production from the Superior Federal Well No. 9 located at a standard gas well location 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 1, Township 20 South, Range 29 East, and to a well to be drilled at an unorthodox gas well location 1300 feet from the North and West lines (Unit D) of said Section 1. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 1 is to be the designated spacing unit for both wells comprising 321.20 acres. Said unit is located 15 miles southeast of Loco Hills, New Mexico.

CASE 10417: Application of Coquina Oil 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 and East lines (Unit A) of Section 34, Township 19 South, Range 25 East, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for any and all formations from the surface to the base of the Morrow formation spaced on 320 acres, which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, North Cemetery Atoka Gas Pool and Cemetery-Morrow Gas Pool.

CASE 10399: (Continued from November 7, 1991, Examiner Hearing.)

Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, special project allowable and increase in gas-oil ratio, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by commencing its San Isidro Wash Well No. 1 at a standard surface oil well location tentatively selected in the NW/4 NW/4 (Unit D) of Section 21, Township 20 North, Range 3 West, drill vertically to a depth of approximately 3,000 feet, kick-off in a southeasterly direction, build angle up to approximately 80 degrees and then drill horizontally for approximately 4,000 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320-acre spacing unit or, in the alternative, the approval of all of Section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the assigned spacing unit. Said unit is located approximately 12 miles west-southwest of Cuba, New Mexico.

WHITE CITY-PENNSYLVANIAN GAS POOL
Eddy County, New Mexico

Order No. R-2429-A, Adopting Temporary Operating Rules for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, April 1, 1963, as Amended by Order No. R-2429-C, April 1, 1981, and Order No. R-2429-D, April 1, 1981.

Order No. R-2429, February 21, 1963, continued Case No. 2737 to the last examiner hearing in March, 1963.

Order No. R-2429-B, April 13, 1964, makes permanent the temporary rules adopted in Order No. R-2429-A.

Order No. R-2429-D, April 1, 1981, rescinds Order No. R-2429-C, April 1, 1981, amending Rule 2 and Rule 4.

Application of Gulf Oil Corporation for Special Pool Rules for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE NO. 2737
Order No. R-2429-A

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on March 20, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 27th day of March, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, seeks the promulgation of temporary special rules and regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, including a provision for 640-acre spacing units.

(3) That temporary special rules and regulations establishing 640-acre spacing units should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

(4) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) That the temporary special rules and regulations should be established for a one-year period and that during this one-year period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(6) That this case should be reopened at an examiner hearing in March, 1964, at which time the operators in the subject pool should appear and show cause why the White City-Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, are hereby promulgated as follows, effective April 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
WHITE CITY-PENNSYLVANIAN GAS POOL

RULE 1. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile of the White City-Pennsylvanian Gas Pool, and not nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (As Amended by Order No. R-2429-D, April 1, 1981.)
A. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

B. Nothing in this rule shall be construed as prohibiting the drilling of additional wells on a standard proration unit provided that there shall be no more than two producible wells on any one proration unit at one time.

C. That for good cause shown the Director of the Division may waive the requirements of Rule 2B. above.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in the non-standard unit.

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located no nearer than 1650 feet to the boundary of the spacing unit and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators

(WHITE CITY-PENNSYLVANIAN GAS POOL - Cont'd.)

offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. (As Added by Order No. R-2429-D, April 1, 1981.) That these special rules shall apply only within the horizontal limits of the White City-Pennsylvanian Gas Pool as they are defined below and as they may from time to time be amended.

HORIZONTAL LIMITS
WHITE CITY-PENNSYLVANIAN GAS POOL
EDDY COUNTY, NEW MEXICO

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Sections 8 and 9: All
Sections 15 through 17: All
Sections 19 through 22: All
Sections 28 through 30: All
Sections 32 through 35: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Sections 1 through 4: All
Sections 10 through 12: All

IT IS FURTHER ORDERED:

(1) That any wells presently drilling to or completed in the Pennsylvanian formation within the White City-Pennsylvanian Gas Pool or within one mile of the White City-Pennsylvanian Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator of any such well shall notify the Artesia District Office in writing of the name and location of the well on or before April 1, 1963.

(2) That any operator desiring to dedicate 640 acres to a well presently drilling to or completed in the White City-Pennsylvanian Gas Pool shall file a new Form C-128 with the Commission on or before April 1, 1963.

(3) That this case shall be reopened at an examiner hearing in March, 1964, at which time the operators in the subject pool may appear and show cause why the White City-Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

(4) That Order No. R-2429 entered by the Commission on February 21, 1963, is hereby superseded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEVEN LAKES-MENEFEE POOL
McKinley County, New Mexico

Order No. R-7022, Adopting Operating Rules for the Seven Lakes-Menefee Pool, McKinley County, New Mexico, July 16, 1982.

Application of S & J Oil Company for Special Pool Rules, McKinley County, New Mexico.

CASE NO. 7519
Order No. R-7022

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 9 a.m. on June 9, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of July, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, S & J Oil Company, seeks the promulgation of special pool rules for the Seven Lakes-Menefee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

(3) That said Seven Lakes-Menefee Oil Pool was discovered in 1911 at a depth of approximately 300 to 350 feet.

(4) That wells in said pool have extremely low rates of production and expected ultimate recoveries.

(5) That the proposed special rules and regulations may permit the production of oil from said pool which may be otherwise unrecoverable thereby preventing waste.

(6) That approval of the application will not result in violation of correlative rights.

(7) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the Seven Lakes-Menefee Oil Pool, McKinley County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SEVEN LAKES-MENEFEE OIL POOL