

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

*Rel*

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

Case No. 8220  
Order No. R-8123

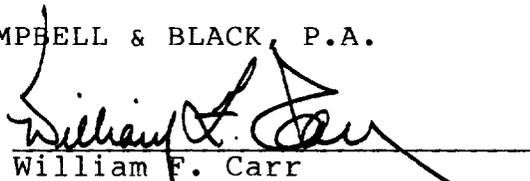
APPLICATION OF DINERO OPERATING  
COMPANY FOR HARDSHIP GAS WELL  
CLASSIFICATION, EDDY COUNTY,  
NEW MEXICO.

APPLICATION OF DINERO OPERATING COMPANY  
FOR A HEARING DE NOVO

Pursuant to Rule 1220 of the Rules and Regulations of the  
New Mexico Oil Conservation Division, Dinero Operating Company  
applies for a De Novo hearing in this matter before the full  
Commission.

CAMPBELL & BLACK, P.A.

By

  
\_\_\_\_\_  
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421

ATTORNEYS FOR DINERO OPERATING  
COMPANY

Dockets Nos. 12-86 and 13-86 are tentatively set for April 16 and April 30, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 2, 1986  
8 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:

CASE 8852: (Continued from March 19, 1986, Examiner Hearing)

Application of the Oil Conservation Division on its own motion to consider establishing six non-standard proration and spacing units for all formations and/or pools developed on 160-acre spacing from the base of the Blanco Mesaverde Pool downward in Sections 6, 7, 18, 19, 30, and 31, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said non-standard units are necessitated by irregular Sections resulting from survey corrections in the United States Public Lands Survey.

CASE 8853: (Continued from March 19, 1986, Examiner Hearing)

Application of the Oil Conservation Division on its own motion to consider establishing six non-standard proration and spacing units for any and all formations and/or pools developed on 320-acre spacing from the base of the Blanco Mesaverde Pool downward in Sections 5 through 8, 17 through 20, and 29 through 32, all in Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said non-standard units are necessitated for the orderly development of this area due to the irregular sections resulting from survey corrections in the United States Public Lands Survey.

CASE 8854: (Readvertised)

Application of the Oil Conservation Division on its own motion for exceptions to the Special Rules for the Gavilan-Greenhorn-Graneros-Dakota and Gavilan Mancos Oil Pools as promulgated by Division Order Nos. R-7745 and R-7407, respectively, Rio Arriba County, New Mexico, the OCD seeks exceptions to the spacing and one well per proration unit limitation provisions of the Special Rules and Regulations governing the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools as promulgated by Division Orders Nos. R-7745 and R-7407, authorizing the establishment of seven non-standard oil spacing and proration units for both pools in Township 25 North, Range 2 West, as described below:

- 1) Lots 3 and 4, S/2 NW/4, SW/4 of Section 5 and all of Section 6 consisting of 505.20 acres, more or less;
- 2) All of Section 7 and the W/2 of Section 8 consisting of 505.84 acres, more or less;
- 3) W/2 of Section 17 and all of Section 18 consisting of 506.36 acres, more or less;
- 4) All of Section 19 and the W/2 of Section 20 consisting of 506.76 acres, more or less;
- 5) N/2 of Section 29 and Lots 1 and 2 of Section 30 consisting of 413.59 acres, more or less;
- 6) S/2 of Section 29 and Lots 3 and 4 of Section 30 consisting of 413.73 acres, more or less, and
- 7) All of Section 31 and the W/2 of Section 32 consisting of 507.88 acres, more or less.

Said units would allow for the orderly development of both pools within the irregular sections along the western side of the subject township resulting from survey corrections in the United States Land Survey. The OCD proposes to allow two wells to be completed in both pools in each of the above-described units.

CASE 8862: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Gipson Oil Corporation and other interested parties to appear and show cause why the John Bergin Well No. 2 located 2440 feet from the North line and 1520 feet from the West line of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8863: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Alana Oil & Gas Corporation, Fidelity and Deposit Company, and other interested parties to appear and show cause why the Samantha Wells Nos. 1, 2, and 3 located 1580 feet from the South line and 1202 feet from the West line (Unit L), 1985 feet from the South line and 2290 feet from the West line (Unit K), and 1105 feet from the South line and 2490 feet from the West line (Unit N), respectively, all in Section 26, Township 28 North, Range 1 East, and the Alana Well No. 1 located 511 feet from the South line and 2144 feet from the West line (Unit N) of Section 11, Township 27 North, Range 1 East, all in Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8864: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Suntex Energy Corporation, Fidelity and Deposit Company of Maryland, and other interested parties to appear and show cause why the following wells in Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Suntex #1  
1824 feet from the North line and 570 feet from the West line  
(Unit E) of Section 26;

Suntex #2  
660 feet from the South line and 365 feet from the East line  
(Unit P) of Section 22;

Suntex #3  
1858 feet from the North line and 1800 feet from the West line  
(Unit F) of Section 14;

Suntex #4  
935 feet from the North line and 1650 feet from the West line  
(Unit C) of Section 23;

Suntex #5  
2004 feet from the South line and 2310 feet from the West line  
(Unit K) of Section 11;

Suntex #6  
1980 feet from the South line and 660 feet from the West line  
(Unit L) of Section 23.

CASE 8855: (Continued from March 19, 1986, Examiner Hearing)

Application of Loco Hills Water Disposal Company for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at the site of its commercial salt water disposal facility located in the SW/4 SW/4 of Section 16, Township 17 South, Range 30 East.

CASE 8773: (Continued from March 19, 1986, Examiner Hearing)

Application of Bliss Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing J. W. Grizzell "A" Well No. 1 located 1034 feet from the South line and 2635 feet from the West line of Section 5, Township 22 South, Range 37 East, San Andres formation, the SW/4 of said Section 5 to be dedicated to said well.

CASE 8865: Application of Santa Fe Exploration Company for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Exxon State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 2, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8805: (Continued from February 5, 1986, Examiner Hearing)

Application of Gary-Williams Oil Producer for a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Rio Puerco-Mancos Oil Pool by the reinjection of natural gas into the perforated interval from approximately 3691 feet to 4127 feet in its San Isidro "13" Well No. 11 located 1980 feet from the South and West lines of Section 13, Township 20 North, Range 3 West.

**CASE 8866:** Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

**CASE 8849:** (Continued from March 5, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit 0) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

**CASE 8867:** Application of Marshall Pipe and Supply Company for the amendment of Division Order No. R-8074, Roosevelt County, New Mexico. Division Order No. R-8074, dated November 5, 1985, compulsorily pooled all mineral interests from the top of the Wolfcamp formation to the top of the Precambrian underlying the S/2 of Section 27, Township 2 South, Range 29-East, forming a standard 320-acre gas spacing and proration unit within said vertical limits, named Yates Petroleum Corporation the operator of the unit, and provided that the operator commence the drilling of a well at a standard gas well location thereon on or before January 31, 1986. Applicant in the above-styled cause, seeks the amendment of Division Order No. R-8074, extending the provisions of the order to allow an additional 60 days to commence the drilling of the well and that Marshall Pipe and Supply Company be named the operator of the subject well and unit.

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE APPROVED PURSUANT TO DIVISION RULES AND REGULATIONS.

**CASE 8868:** Application of Mobil Producing Texas and New Mexico 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 Bridges State Well No. 309, 1400 feet from the North line and 125 feet from the West line of Section 23, Township 17 South, Range 34 East, Vacuum (Grayburg-San Andres) Pool, Bridges State Waterflood Project, the SW/4 NW/4 of said Section 23, to be dedicated to the well.

**CASE 8869:** Application of Texaco Producing, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 SE/4 of Section 20, Township 16 South, Range 37 East, 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.

**CASE 8870:** Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Alkman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

**DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 9, 1986**  
**9 A.M. - OIL CONSERVATION COMMISSION, MORGAN HALL, STATE**  
**LAND OFFICE BUILDING, SANTA FE, NEW MEXICO**

---

**CASE 8835:** (Continued from February 26, 1986, Commission Hearing)

Application of the Oil Conservation Division on its own motion to require Division approval of all commercial and centralized oil field fluid waste collection or disposal facilities utilizing ponds, pits, and below-grade tanks in McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant also seeks to require commercial disposal pit operators to keep and make available records on the volume, source, dates, and type of oil field fluid waste received, and the hauling companies using their facilities. Copies of the proposed rules are available at Santa Fe and at the Artec District Office.

**CASE 8219:** (Continued from February 26, 1986, Commission Hearing) (De Novo)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Little Squaw Comm. Well No. 1 located in Unit F of Section 27, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Dinero Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 8220:** (Continued from February 26, 1986, Commission Hearing) (De Novo)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Big Chief Comm. Well No. 4 located in Unit N of Section 15, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Dinero Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 8712:** (Continued from February 26, 1986, Commission Hearing) (De Novo)

Application of Kimbell Oil Company of Texas for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Salazar Well No. 4-E located 1630 feet from the North line and 1460 feet from the West line (Unit F) of Section 34, Township 25 North, Range 6 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Kimbell Oil Company of Texas, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 8758:** (De Novo)

Application of Monsanto Company for an unorthodox gas well location, dual completion, and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of a well to be drilled at an unorthodox gas well location 330 feet from the South and West lines of Section 36, Township 21 South, Range 23 East, to produce gas from the Indian Basin-Upper Pennsylvanian and Indian Basin-Morrow Gas Pools, all of said Section 36 to be simultaneously dedicated in both zones to the well and to their existing Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line of said Section 36.

Upon application of Monsanto Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 8802:** (De Novo)

Application of Southland Royalty Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Corbin-Wolfcamp Pool in Township 18 South, Range 33 East, including a provision for 80-acre oil spacing and proration units.

Upon application of Southland Royalty Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8778: (De Novo)

Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Langlie Matrix Pool in the perforated interval from 3351 feet to 3546 feet in his Hodges Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit 0) of Section 8, Township 24 South, Range 37 East.

Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8781: (De Novo)

Application of Petro-Thermo Corporation for an exception to Division Order No. R-3221 and for authorization to dispose of associated waste hydrocarbons and other solids, obtained in conjunction with the drilling and production of oil and gas into a disposal site on the surface, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of produced salt water onto the surface in the E/2 NE/4 of Section 16, Township 20 South, Range 32 East. Applicant further seeks authorization to dispose of associated waste hydrocarbons and other related solids, obtained in conjunction with the drilling and production of oil and gas, onto the surface in said area. Laguna Plata, sometimes referred to as Laguna Grande is located within a portion of the above-described area.

Upon application of Snyder Ranches, Inc. and Pollution Control, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8690: (Continued from February 26, 1986, Commission Hearing) (De Novo)

Application of Doyle Hartman for compulsory pooling, a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Matrix Pool, is necessary to effectively and efficiently drain that portion of a 400-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 400-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2, and 3. Applicant further seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above non-standard proration unit. 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.

Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8796: (Continued from February 26, 1986, Commission Hearing)

Application of Rio Pecos Corporation for enforcement of the Common Purchaser Requirements of Section 70-2-19 NMSA, 1978 (1984 Supplement) and other pertinent provisions of the Oil and Gas Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order requiring El Paso Natural Gas Company to purchase the applicant's share of gas production from the Yates Petroleum Corporation Little Box Canyon Unit Well No. 5 located 800 feet from the South line and 1600 feet from the West line of Section 7, Township 21 South, Range 22 East, without discrimination as to price paid, quantities purchased, bases of measurement or gas transportation facilities afforded as compared to gas from other wells of like quantity, quality, and pressure. Applicant further seeks an order requiring El Paso Natural Gas Company to take ratably the gas produced from aforementioned well and any such other relief as may be appropriate.

CASE 8783: (De Novo)

Application of TXD Production Corp. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause, seeks an order pooling all mineral interests in all formations from 4825 feet beneath the surface to the base of the Bone Spring formation underlying the SE/4 NW/4 of Section 26, Township 18 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit 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.

Upon application of Joseph S. Sprinkle, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 8-86 and 9-86 are tentatively set for March 5, and March 19, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 8825: Application of C. K. Kinsolving d/b/a/ Kenneth Tank Service for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 of Section 35, Township 9 South, Range 35 East.

CASE 8826: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the N/2 SE/4 of Section 8, Township 16 South, Range 37 East, 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.

CASE 8820: (Continued from February 5, 1986, Examiner Hearing)

Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 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.

CASE 8827: Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3,500 feet to 5,600 feet underlying the NE/4 SW/4 of Section 12, Township 26 South, Range 29 East, 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.

CASE 8828: Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3,500 feet to 5,600 feet underlying the SW/4 NW/4 of Section 12, Township 26 South, Range 29 East, 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.

CASE 8819: (Continued from February 5, 1986, Examiner Hearing)

Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3500 feet to 5600 feet underlying the SE/4 SW/4 of Section 12, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit, to be dedicated to a well located 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.

- CASE 3829: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimarron Anhydrite Marker to the top of the Precambrian Basement underlying all of Section 33, Township 20 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit, to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit Well No. 2035-311K located 2310 feet from the South line and 1650 feet from the West line 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.
- CASE 8830: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimarron Anhydrite Marker to the top of the Precambrian Basement underlying all of Section 33, Township 19 North, Range 34 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit Well No. 1934-331G located 1980 feet from the North and East lines 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.
- CASE 8014: (Reopened)
- In the matter of Case 8014 being reopened pursuant to the provisions of Order No. R-7588 which order promulgated temporary special rules and regulations for the Cedar Hill-Fruitland Basal Coal Pool in San Juan County, including a provision for 320-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing and proration units.
- CASE 3831: Application of Inexco Oil Company for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Strawn formation underlying the SE/4 NE/4 and all mineral interests in the Undesignated South Humble City-Strawn Pool underlying the S/2 NE/4 of Section 14, Township 17 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox well location 1800 feet from the North line and 500 feet from the East line of said Section 14. 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.
- CASE 3773: (Continued from January 22, 1986, Examiner Hearing)
- Application of Bliss Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing J. W. Grizzell "A" Well No. 1 located 1034 feet from the South line and 2635 feet from the West line of Section 5, Township 22 South, Range 37 East, San Andres formation, the SW/4 of said Section 5 to be dedicated to said well.
- CASE 8810: (Continued from February 5, 1986, Examiner Hearing)
- Application of Bliss Petroleum, Inc. for an exception to the special rules and regulations for the Dean Permo-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations of the Dean Permo-Pennsylvanian Pool, as promulgated by Division Order No. R-892, authorizing a 40-acre non-standard oil spacing and proration unit comprising the SW/4 NW/4 of Section 35, Township 15 South, Range 36 East, to be dedicated to a well to be located at a standard oil well location thereon.

CASE 3823: (Continued from February 5, 1986, Examiner Hearing)

Application of Nearburg Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 560 feet from the South line and 760 feet from the East line of Section 23, Township 20 South, Range 34 East, Pennsylvanian formation, the S/2 of said Section 23 to be dedicated to the well.

CASE 3689: (Continued from February 5, 1986, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying a previously approved 120-acre non-standard proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to its Justis Christmas Gas Com Well No. 1 located 2225 feet from the North line and 790 feet from the West line of said Section 20. 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.

CASE 3832: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line of Section 13, Township 12 South, Range 34 East, to test the Undesignated West Ranger Lake-Devonian Gas Pool, the W/2 of said Section 13 to be dedicated to the well.CASE 8833: Application of V-F Petroleum, Inc. for an exception to the special pool rules and regulations of the Dean Permo-Pennsylvanian Pool as promulgated by Division Order No. R-892, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations of the Dean Permo-Pennsylvanian Pool as promulgated by Division Order No. R-892 to permit applicant to complete its ARCO State Lease Well No. 1 located at an unorthodox oil well location 1980 feet from the South line and 660 feet from the West line of Section 35, Township 15 South, Range 36 East, the NW/4 SW/4 (Unit L) of said Section 35 to be dedicated to the well forming a non-standard oil spacing and proration unit.CASE 8834: Application of Cities Service Oil & Gas Corporation for pool creation, special pool rules, discovery allowable, and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bough "C" Pennsylvanian production comprising the W/2 SW/4 of Section 25, Township 13 South, Range 34 East, and the promulgation of temporary special rules therefor including a provision for 80-acre spacing and designated well locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Elkan "A" Well No. 1 located at an unorthodox location for the proposed special pool rules 1650 feet from the South line and 990 feet from the West line of said Section 25.CASE 8807: (Continued from January 22, 1986, Examiner Hearing)

Application of Joseph S. Sprinkle for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interest owner in the TXO Production Corporation Sprinkle Federal Well No. 1 located 660 feet from the North and West lines of Section 26, Township 18 South, Range 32 East, Querecho Plains-Upper Bone Spring Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-7850, entered in Case No. 8494 and dated March 14, 1985, and to which is dedicated the NW/4 NW/4 (Unit D) of said Section 26, seeks an order ascertaining the reasonableness of actual well costs for the subject well.

DOCKET: COMMISSION HEARING - WEDNESDAY - FEBRUARY 26, 1986

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE  
LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

---

CASE 8749: (Continued from January 7, 1986, Commission Hearing)

Application of the Oil Conservation Commission on its own motion to rescind Order No. R-1670, as amended, to recodify and amend the General Rules and Regulations for the Prorated Gas Pools contained therein and to amend the special gas prorationing rules for the Atoka-Pennsylvanian, Blinebry, Buffalo Valley-Pennsylvanian, Burton Flat-Morrow, Burton Flat-Strawn, South Carlsbad-Morrow, Crosby-Devonian, Eumont, Indian Basin-Morrow, Indian Basin-Upper Pennsylvanian, Jalmat, Justis-Glorieta, Monument McKee-Ellenburger, and Tubb Gas Pools of Lea, Eddy and Chaves Counties, and the special gas prorationing rules for the Basin-Dakota, Blanco-Mesaverde, South Blanco-Pictured Cliffs, and Tapacito-Pictured Cliffs Gas Pools of San Juan, Sandoval, and Rio Arriba Counties.

CASE 8792: (Continued from January 7, 1986, Commission Hearing)

Application of Northwest Pipeline Corporation to amend Oil Conservation Division Rule 403, Rule 1100, Rule 1111, and Form C-111. Applicant, in the above-styled cause, seeks the proposed amendments to clarify the rules and duties of gas transporters and gas purchasers under the Division's General Rules.

CASE 8835: Application of the Oil Conservation Division on its own motion to require Division approval of all commercial and centralized oil field fluid waste collection or disposal facilities utilizing ponds, pits, and below grade tanks in McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant also seeks to require commercial disposal pit operators to keep and make available records on the volume, source, dates, and type of oil field fluid waste received, and the hauling companies using their facilities. Copies of the proposed rules are available at Santa Fe and at the Aztec District office.CASE 8463: (Continued from January 7, 1986, Commission Hearing)(This case will be dismissed)

Application of David Fasken for termination of prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating prorationing in the Burton Flat-Morrow Gas Pool located in portions of Townships 20 and 21 South, Ranges 26, 27, and 28 East, and to also cancel all cumulative overproduction and underproduction within said pool.

Upon application of David Fasken this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8796: (Continued from January 7, 1986, Commission Hearing)

Application of Rio Pecos Corporation for enforcement of the Common Purchaser Requirements of Section 70-2-19 NMSA, 1978 (1984 Supplement) and other pertinent provisions of the Oil and Gas Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order requiring El Paso Natural Gas Company to purchase the applicant's share of gas production from the Yates Petroleum Corporation Little Box Canyon Unit Well No. 5 located 800 feet from the South line and 1600 feet from the West line of Section 7, Township 21 South, Range 22 East, without discrimination as to price paid, quantities purchased, bases of measurement or gas transportation facilities afforded as compared to gas from other wells of like quantity, quality, and pressure. Applicant further seeks an order requiring El Paso Natural Gas Company to take ratably the gas produced from aforementioned well and any such other relief as may be appropriate.

CASE 8640: (Continued from January 7, 1986, Commission Hearing)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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.

Upon application of Meridian Oil Inc. and El Paso Natural Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8712: (De Novo)

Application of Kimbell Oil Company of Texas for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Salazar Well No. 4-E located 1630 feet from the North line and 1460 feet from the West line (Unit F) of Section 34, Township 25 North, Range 6 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Kimbell Oil Company of Texas, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8690: (De Novo)

Application of Doyle Hartman for compulsory pooling, a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 400-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 400-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2, and 3. Applicant further seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above non-standard proration unit. 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.

Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8219: (De Novo)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Little Squaw Comm. Well No. 1 located in Unit F of Section 27, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Dinero Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8220: (De Novo)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Big Chief Comm. Well No. 4 located in Unit N of Section 15, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Dinero Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8755: (De Novo)

Application of TXO Production Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause seeks an order pooling all mineral interests in all formations from 4,825 feet beneath the surface to the base of the Bone Spring formation underlying the SW/4 NW/4 of Section 26, Township 18 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit 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.

Upon application of TXO Production Corp. this case will be heard De Novo pursuant to the provisions of Rule 1220.