

50 YEARS



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

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SANTA FE, NEW MEXICO 87501
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No. 4-85

M E M O R A N D U M

TO: CRUDE OIL PURCHASERS, OPERATORS, AND OTHER
INTERESTED PARTIES

FROM: R. L. STAMETS, DIRECTOR *RLS*

SUBJECT: SUSPENSION OF CRUDE OIL PURCHASER'S NOMINATIONS

Until further notice, the requirement for filing Form C-121, Crude Oil Purchasers Nomination, is hereby suspended.

This action is taken following notice and request for comments contained in my memorandum No. 2-85. No written comments were received during the comment period.

Reinstatement of the requirement for filing nominations will be made at such time as it appears that the producing ability of New Mexico's oil wells exceeds demand or under other appropriate conditions.

September 26, 1985
fd/

Dockets Nos. 32-85 and 33-85 are tentatively set for October 23 and November 6, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 9, 1985

8 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1985, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for November, 1985, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8673: (Continued from September 11, 1985, Examiner Hearing)

Application of Chevron USA Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled case, seeks approval of the Trooper Unit Area comprising 2,880 acres, more or less, of State lands in Township 11 South, Range 35 East.

CASE 4575: (Continued from August 28, 1985, Examiner Hearing)

In the matter of Case 4575 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-4193 which order established a limiting gas-oil ratio of 5,000 cubic feet of gas for each barrel of oil produced for the South Eunice-San Andres Pool in Lea County. Operators may appear and present evidence as to whether or not the Anadarko Production Company Lou Wortham Well No. 6 located in Unit E of Section 11, Township 22 South, Range 37 East, is in fact a gas well; whether or not the pool is in fact an associated reservoir; and whether or not the limiting gas-oil ratio should revert to 2000 to 1.

CASE 8717: Application of Corinne Grace for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its City of Carlsbad Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 25, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8718: Application of TXO Production Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 NW/4 of Section 13, Township 20 South, Range 38 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 8719: Application of TXO Production Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SW/4 NE/4 of Section 4, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing unit, to be dedicated to a well to be drilled at a standard location thereon. IN THE ALTERNATIVE, the applicant seeks an order pooling all mineral interests from the surface to the top of the Strawn formation underlying the SW/4 NE/4 of said Section 4, forming a standard 40-acre oil spacing unit and all mineral interests in the Strawn formation underlying the E/2 NE/4 of said Section 4, forming a standard 80-acre oil spacing unit, both units to be dedicated to a well to be drilled at a standard location thereon. Also to be considered, in either case, 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 8709: (Continued from September 25, 1985, Examiner Hearing)

Application of El Paso Natural Gas Company (Meridian Oil Inc.) for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 220 feet from the North line and 665 feet from the West line of Section 1, Township 26 North, Range 8 West, Blanco-Mesaverde Pool, the W/2 of said Section 1 to be dedicated to the well.

CASE 8720: Application of BHP Petroleum for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fusselman formation underlying the N/2 SE/4 of Section 10, Township 6 South, Range 33 East, and all mineral interests in the Cisco formation underlying the E/2 of said Section 10, 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 8713: (Continued and Readvertised)

Application of Dugan Production Corporation for pool extension and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Gavilan-Mancos Oil Pool to include all of Sections 1, 2, 11, 12, 13, and 14, Township 25 North, Range 2 West and all of Sections 25, 26, 35, and 36, Township 26 North, Range 2 West. Applicant further seeks approval of an unorthodox oil well location 1650 feet from the North line and 870 feet from the East line of Section 1, Township 25 North, Range 2 West, within the proposed Gavilan-Mancos Oil Pool extension area, the E/2 of said Section 1 to be dedicated to the well.

CASE 8721: Application of Inexco Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the W/2 NW/4 of Section 13, Township 17 South, Range 37 East, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre 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 risk involved in drilling said well.

CASE 8722: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the SE/4 of Section 25 and the NE/4 NE/4 of Section 36, Township 24 South, Range 36 East, to be dedicated to a well to be drilled 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 8690: (Continued and Readvertised)

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 Wells 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.

CASE 7619: (Continued from August 14, 1985, Examiner Hearing)

In the matter of Case 7619 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-7034 which order promulgated temporary special rules and regulations for the Counselors-Gallup Oil Pool in Rio Arriba County, including a provision for 160-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on less than 160-acre spacing with a depth bracket allowable in accordance with statewide rules.

CASE 8153: (Continued from August 14, 1985, Examiner Hearing)

In the matter of Case 8153 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-7034-A which order extended the vertical limits of the Counselors-Gallup Oil Pool to include the Dakota formation, redesignated said pool as the Counselors Gallup-Dakota Oil Pool, and made applicable the temporary special rules and regulations established under Division Order No. R-7034 to the Counselors Gallup-Dakota Oil Pool. Operators in said pool may appear and show cause why the pool should not be developed on less than 160-acre spacing with a depth bracket allowable in accordance with statewide rules.

CASE 8723: Application of Benson-Montin-Greer Drilling Corp. for compulsory pooling and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 30, Township 25 North, Range 1 West, to be dedicated to a well to be drilled at an unorthodox location 1755 feet from the North line and 2418 feet from the West line of said Section 30. 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 8724: Application of Benson-Montin-Greer Drilling Corp. for the extension of the vertical limits of the East Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the East Puerto Chiquito-Mancos Oil Pool to include that portion of the Mancos formation occurring between the base of the Mesaverde formation and the top of the Graneros member.

CASE 8725: Application of Tenneco Oil Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South line and 1800 feet from the East line of Section 18, Township 10 South, Range 28 East, to test all formations from the top of the Wolfcamp to the base of the Morrow, the E/2 of said Section 18 to be dedicated to the well.

CASE 8726: Application of Anadarko Production Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Foster-San Andres Pool in Section 31, Township 18 South, Range 39 East, and Sections 5 and 6, Township 19 South, Range 39 East, including a provision for a gas-oil ratio limitation of 5,000 cubic feet of gas per barrel of oil with a retroactive effective date for such special pool rules to remedy current overproduction in said pool.

CASE 8727: Application of Pennzoil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the E/2 NE/4 of Section 4, Township 17 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 8728: Application of Pennzoil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 NE/4 of Section 4, Township 17 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 8729: Application of HCW Exploration, Inc. for a non-standard proration unit, unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1650 feet from the North line and 800 feet from the East line of Section 31, Township 23 South, Range 37 East, a non-standard proration unit comprising the N/2 of said Section 31 to be simultaneously dedicated to the R. W. Cowden "C" Wells Nos. 4 and 9 in Section 31.

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 17, 1985

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8645: (Continued from September 18, 1985, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to amend Rule 102 to require a copy of Form C-101 (Permit) on location during drilling operations, to provide for notice to landowners and/or tenants prior to the staking of well locations, and to provide for notice to the operator of any other well located on the same quarter-quarter section. This case is being reopened to additionally consider requiring notice to the operator of any other well on a 40-acre tract by the operator of a new well to be drilled thereon.

NOTE: Following consideration of this matter on July 10, 1985, an operator requested that the case be reopened for consideration of an additional requirement for notice to the operator of any other well on a 40-acre tract by the operator of a new well proposed to be drilled on such tract. This case is reopened for consideration of such request.

CASE 8631: (DE NOVO)

Application of Lynx Petroleum Consultants, Inc. for an unorthodox gas well location, compulsory pooling, and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Queen formation underlying the SW/4 of Section 25, Township 16 South, Range 36 East, to be dedicated to a well to be recompleted at an unorthodox gas well location 1650 feet from the South line and 2100 feet from the West line of said Section 25. Also to be considered will be the cost of drilling and recompleting a well from the surface to the base of the Queen formation 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 recompleting said well. Applicant further seeks the dual completion of said well with the production from the Paddock formation.

Upon application of Lynx Petroleum Consultants, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8463: (Continued from September 18, 1985, Commission Hearing)

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 8502: (DE NOVO)

Application of Yates Drilling Company for a pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Southeast Chaves Queen Gas Area Associated Pool by the injection of water into the Queen formation through the perforated interval from approximately 2991 feet to 2997 feet in its Doyal Well No. 3 located 1980 feet from the South line and 990 feet from the East line (Unit I) of Section 27, Township 12 South, Range 31 East.

Upon application of Yates Drilling Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8400: (Continued and Readvertised)

Application of Jack J. Grynberg for amendment of Division Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6873 to: 1) allow for the drilling of a second PrePermian and Abo well at an unorthodox location in the SW/4 SW/4 of Section 18, Township 9 South, Range 27 East, on the established 320-acre proration unit, 2) declare the applicant to be the operator of the second well or, in the alternative, to be the operator of the unit, and 3) the establishment of risk factor and overhead charges for the new well.

CASE 8604: (Continued from September 18, 1985, Commission Hearing)

Application of HCW Exploration, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmar Gas Pool, underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre non-standard gas 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.

CASE 8594: (Continued from September 18, 1985, Commission Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmar Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre spacing and proration unit, to be dedicated to a well to be drilled 660 feet from the South line and 330 feet from the East line of said Section 27. Applicant further seeks approval for a 160-acre non-standard Jalmar Gas Pool spacing and proration unit comprising said SE/4 of Section 27 also to be dedicated to the aforementioned well which is an unorthodox gas well location in the Jalmar Gas Pool. 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 8605: (Continued from September 18, 1985, Commission Hearing)

Application of Doyle Hartman to rescind Division Order No. R-3690, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rescind Division Order No. R-3690 which authorized the disposal of produced water into the Seven Rivers formation through the Etz Well No. 3 located 330 feet from the South line and 1650 feet from the West line of Section 27, Township 23 South, Range 36 East, Jalmat Gas Pool, in which HCW Exploration, Inc. is the operator.