

Dockets Nos. 4-86 and 5-86 are tentatively set for February 5 and February 19, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 22, 1986

3:15 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 8808: Application of Burk Royalty Co. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Lucky Lake Queen Unit Agreement comprising 380.00 acres, more or less, of Federal and State land in Township 15 South, Range 29 East.

CASE 8635: (Continued from November 6, 1985, Examiner Hearing) (This case will be dismissed)
Application of Energy Reserves Group, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Fusselman formation in the perforated interval from 8150 feet to 8220 feet in its McClellan Well No. 1 located 2000 feet from the South line and 1900 feet from the West line of Section 10, Township 6 South, Range 33 East.

CASE 8782: (Continued from January 9, 1986, Examiner Hearing)
Application of H & S Oil 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 formation in the open-hole interval from 7950 feet to 8220 feet in the Read & Stevens Scoggins Draw Unit Well No. 1-Y located 766 feet from the South line and 2086 feet from the East line (Unit 0) of Section 31, Township 18 South, Range 27 East.

CASE 8135: (Continued and Readvertised)
Application of Veryl F. Moore for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of two certain replacement wells in the Pictured Cliffs formation of Northwest New Mexico as provided in Section 62-7-5, NMSA, 1978. To be considered will be the granting of the exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 3809: Application of Harvey E. Yates Company 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 underlying the SE/4 of Section 13, Township 18 South, Range 31 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, 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 8788: (Continued from December 18, 1985, Examiner Hearing)
Application of Jerome P. McHugh 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 Dakota formation underlying the E/2 of Section 12, Township 25 North, Range 2 West, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, 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 8800: (Continued and Readvertised)

Application of B & E, Inc. for amendment to Division Order No. R-7031, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7031 (1) authorizing an increase of the discharge into Laguna Cuatro; and, (2) for the authorization to dispose of associated waste hydrocarbons and other related solids obtained in conjunction with the drilling and production of oil and gas into unlined pits at said disposal site.

CASE 8810: 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 8773: (Continued from January 9, 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 8811: 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 from the surface to the base of the Bone Spring formation underlying the SW/4 SW/4 of Section 24, 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.

CASE 8784: (Continued from January 9, 1986, Examiner Hearing)

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 the surface through the base of the Queen formation underlying the NW/4 NE/4 of Section 14, Township 18 South, Range 38 East, forming a standard 40-acre 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.

CASE 8812: Application of Sun Exploration and Production 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 2080 feet from the North line and 750 feet from the East line of Section 24, Township 18 South, Range 33 East, Morrow formation, the N/2 of said Section 24 to be dedicated to the well.

CASE 8806: (Continued and Readvertised) (This case will be continued to February 5, 1986, Examiner Hearing)

Application of Coquina Oil Corporation 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 formation in the perforated interval from approximately 7870 feet to 8196 feet in its Pan Canadian Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 34, Township 19 South, Range 25 East.

CASE 8813: Application of Nearburg Producing Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 2460 feet from the South line and 660 feet from the East line of Section 12, Township 17 South, Range 37 East, South Humble City-Strawn or Humble City-Strawn Pool, the N/2 SE/4 of said Section 12 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit which is standard for spacing for both pools.

CASE 8689: (Continued from December 18, 1985, 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 Calmat Gas Pool underlying a previously approved 120-acre non-standard proration unit comprising the $\frac{1}{2}$ NW/4 and SW/4 NW/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to its Just's 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 8814: Application of Frank Boyce d/b/a Sure Energy for special pool rules, and assignment of a discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Outpost-Delaware Pool comprising the NE/4 of Section 25, Township 19 South, Range 28 East, including a provision for a special gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil. Applicant further seeks the assignment of an oil discovery allowable to exceed that as allowed by General Rule 509 to the discovery well for said pool being the applicant's Connie "C" Well No. 1 located 1980 feet from the North and East lines (Unit G) of said Section 25.

CASE 8807: (Continued from January 9, 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.

CASE 8815: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Eddy and Chaves County, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the West Burton Flat-Wolfcamp Gas Pool. The discovery well is the TXO Production Corp. McMillan Federal Com Well No. 1 located in Unit J of Section 14, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 14: E/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Gatuna Canyon-Wolfcamp Pool. The discovery well is the J. C. Williamson Canter Federal Well No. 2 located in Unit A of Section 10, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 10: NE/4 NE/4

- (c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production and designated as the Red Lake Ridge-Fusselman Gas Pool. The discovery well is the Stevens Operating Corp. Lynx Well No. 1 in Unit G of Section 19, Township 8 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 19: SW/4 NE/4

- d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Ross Draw-Delaware Pool. The discovery well is the J. C. Williamson Ross Draw Unit Well No. 15 located in Unit M of Section 26, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 26: SW/4 SW/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Shugart-Bone Spring Pool. The discovery well is the Harvey E. Yates Co. Hondo 4 Federal Well No. 3 located in Unit P of Section 4, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 4: SE/4 SE/4

- (f) EXTEND the Atoka Glorieta-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 25: N/2 NW/4 and N/2 SW/4

- (g) EXTEND the East Avalon-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 12: NE/4 NE/4

- (h) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 18: SW/4 SE/4

Section 29: N/2 NE/4

- (i) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 11: S/2

Section 12: SW/4 SW/4