

Dockets Nos. 10-89 and 11-89 are tentatively set for March 29 and April 12, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 15, 1989

**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, or Victor T. Lyon, Alternate Examiners:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for April, 1989, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1989, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9610: (Continued from March 1, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Knights Bridge Petroleum Corporation and James Marchbanks and all other interested parties to appear and show cause why the Triple Crown well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit D) of Section 6, Township 9 North, Range 31 East, Quay County, New Mexico (being located approximately 7.75 miles northeast by north of Quay, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, the Division seeks an order directing the operator to pay the costs of such plugging and if the Operator fails to do so, ordering a forfeiture of the Operator's bond and authorizing the Director of the Division to make demand upon First National Bank of Tucumcari to pay to the Division so much of the funds of the certificate of deposit given as collateral for the bond as is necessary to pay the costs of plugging said well.

CASE 9620: Application of Texmex Seven Ltd. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Pretty Bird Unit Area comprising 11,782.54 acres, more or less, of State and Federal lands in Townships 18 and 19 South, Ranges 17 and 18 East. Said unit area is located approximately 16 miles east by north of Pinon, New Mexico.

CASE 9621: Application of Amoco Production Company for six non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to Division Order No. R-8768 to establish six non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 6, 7, 18, 19, and 30, Township 29 North, Range 9 West. Said row of Sections are located approximately 0.75 miles east of Blanco, New Mexico and extends north and south for approximately 2 miles.

CASE 9606: (Continued from March 1, 1989, Examiner Hearing.)

Application of Read & Stevens, Inc. for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the designated and Undesignated Bunker Hill-Penrose Associated Pool underlying 1360.00 acres, more or less, of State, Federal, and Fee lands in portions of Sections 13, 14, 23, and 24, Township 16 South, Range 31 East. Said unit is to be designated the Bunker Hill Unit Area. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any nonconsenting working owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is centered approximately 3.5 miles south-southwest of a point common to Eddy, Chaves, and Lea Counties, New Mexico.

CASE 9607: (Continued from March 1, 1989, Examiner Hearing.)

Application of Read & Stevens, Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Penrose Formation in its proposed Bunker Hill Unit Area (Division Case No. 9606) underlying portions of Sections 13, 14, 23, and 24, Township 16 South, Range 31 East, Bunker Hill-Penrose Associated Pool. Said area is centered approximately 3.5 miles south-southwest of a point common to Eddy, Lea and Chaves Counties, New Mexico.

CASE 9619: (Readvertised)

Application of Santa Fe Exploration Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Indian Basin-Morrow Gas Pool underlying all of Section 8, Township 21 South, Range 23 East, forming a standard 640-acre spacing and proration unit for said pool to be dedicated to a well to be drilled

at an unorthodox gas well location 660 feet from the South and East lines (Unit P) 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 well is located approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 9622: Application of Conoco, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Warren-Drinkard Pool in Sections 27, 28, 29, and 32, Township 20 South, Range 38 East, to include a provision for a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil with a retroactive effective date for such special pool rules to November 10, 1988. Said pool is in an area located approximately 8.5 miles north of Eunice, New Mexico.

CASE 9623: Application of Meridian Oil, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 299.85-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 3, 4, 5, 6 and 7, the SE/4 NW/4, and the E/2 SW/4 of Section 6 and Lots 1 and 2 and the E/2 NW/4 of Section 7, both in Township 30 North, Range 9 West. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location 1030 feet from the South line and 850 feet from the West line (Unit N) of said Section 6. Said unit is located approximately 9 miles east of Aztec, New Mexico.

CASE 9145: (Continued from February 15, 1989, Examiner Hearing.) (Reopened)

In the matter of Case 9145 being reopened pursuant to the provisions of Division Order No. R-8497, which promulgated temporary special rules and regulations for the North Knowles-Devonian Pool, Lea County, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the North Knowles-Devonian Pool rules should not be rescinded.

CASE 9624: Application of W. A. Moncrief, Jr. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Strawn formation or to a depth of 11,300 feet, whichever is deeper, underlying the E/2 NE/4 of Section 30, Township 16 South, Range 37 East, forming a standard 80-acre spacing and proration unit for any and all pools developed on 80-acre spacing (which presently includes but is not necessarily limited to the Northeast Lovington-Pennsylvanian Pool), said unit to be dedicated to a well to be drilled at a standard oil well location 1980 feet from the North line and 510 feet from the East line (Unit H) 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. Said well location is approximately 5 miles southeast of Lovington, New Mexico.

CASE 9625: Application of Marshall Pipe and Supply Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Undesignated Tule-Montoya Gas Pool underlying the following described acreage in Section 23, Township 2 South, Range 29 East, and in the following described manner:

- the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing;
- the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; and,
- the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Tule-Pennsylvanian Gas Pool and the Undesignated Tule-Montoya Gas Pool.

All of the above-described units are to be dedicated to the existing Perry Well No. 1 drilled at a previously approved unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of said Section 23 (Division Order No. R-8617). Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is approximately 4.5 miles east-northeast from the point common to Roosevelt, Chaves, and De Baca Counties, New Mexico.

CASE 9628: Application of Mobil Producing Texas and New Mexico, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Vacuum Atoka-Morrow Gas Pool underlying the S/2 of Section 17, Township 17 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its State Section 17 Com Well No. 3 to be drilled at a previously approved unorthodox gas well location (NSL-2826) 2034 feet from the South line and 2064 feet from the West line (Unit K) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 2 miles north-northeast of Buckeye, New Mexico.