

Dockets Nos. 24-87 and 25-87 are tentatively set for July 29 and August 12, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 15, 1987

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:

ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9169: In the matter called by the Oil Conservation Division on its own motion to permit C. R. (Carl) Robinson, John Iley, Eastern Indemnity Company of Maryland, and all other interested parties to appear and show cause why the O. F. Baca Well No. 1 located 660 feet from the North line and 1920 feet from the West line (Unit C) of Section 3, Township 5 North, Range 4 East, Valencia County, New Mexico, as projected into the Tome Land Claim, should not be plugged and abandoned in accordance with a Division-approved plugging program, said well being located approximately 15 miles east of Belen, New Mexico.

CASE 9159: (Continued from July 1, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for approval of a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Desert Rose State and Federal Unit comprising 2560.52 acres, more or less, of State and Federal lands in Townships 8 and 9 South, Range 26 East (19 miles northeast of Roswell, New Mexico).

CASE 9170: Application of CRW-SWD, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from approximately 4,420 feet to 4,640 feet in the J. C. Williamson Ross Draw Unit Well No. 9 located 910 feet from the North line and 1980 feet from the West line (Unit C) of Irregular Section 34, Township 26 South, Range 30 East, Ross Draw-Delaware Pool/Ross Draw-Delaware Gas Pool, which is approximately two-fifths of a mile northwest of Mile Corner No. 47 on the southern boundary line of Texas (Loving County) and New Mexico.

CASE 9171: Application of MorOilCo, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates, Seven Rivers, and Queen formations in the perforated interval from approximately 3951 feet to 3995 feet and in the open hole interval from approximately 4064 feet to 5000 feet in the Atlantic Richfield Company's Mescalero Ridge Unit "MA" Well No. 31 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 19 South, Range 34 East, Undesignated Pearl-Queen Pool and Quail Ridge-Yates Gas Pool, which is approximately 2.5 miles north of N. M. Milepost No. 77 on U. S. Highway 62/180.

CASE 9129: (Continued from June 3, 1987, Examiner Hearing)

Application of Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg to void and vacate Division Order Nos. R-7588 and R-7588-A, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order vacating Division Order Nos. R-7588 and R-7588-A, which orders promulgated Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Pool, including a provision for 320-acre spacing and designated well locations.

(Readvertised)
CASE 9172: Application of Nearburg Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1200 feet from the South line and 660 feet from the East line (Unit P) of Section 12, Township 17 South, Range 37 East, Humble City-Strawn Pool, the S/2 SE/4 of Section 12 to be dedicated to the well. Said well is approximately 4 miles west of the community of Knowles, New Mexico.

CASE 9173: Application of Presidio Oil 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 a depth of approximately 5600 feet or to the base of the Canyon formation underlying the SW/4 NW/4 (Unit E) of Section 12, Township 26 South, Range 29 East, to form 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. Said location is approximately 3 miles north of Mile Corner No. 53 on the southern boundary of Texas and New Mexico.

CASE 9174: Application of Santa Fe Energy Operating Partners, L.P. for simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to simultaneously dedicate East Carlsbad-Wolfcamp Gas Pool production to the W/2 of Section 2, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for said pool, from its existing Chase "2" State Well No. 1 located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 2, and from a second well to be drilled at a standard location in the NW/4 of said Section 2. This area is approximately 4 miles east of Carlsbad, New Mexico.

CASE 9175: Application of Santa Fe Energy Operating Partners, L.P. for special pool rules and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Hume-Wolfcamp Pool located in Section 5, Township 16 South, Range 34 East, including a provision for 80-acre spacing and proration units and designated well locations. Applicant also seeks approval for its N. H. 5 Federal Well No. 1 located at an unorthodox oil well location for the proposed special pool rules 2466 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5 (being approximately 2.25 miles north of N. M. Milepost No. 158 on U. S. Highway 82).

CASE 8352: (Reopened) (Continued from June 3, 1987, Examiner Hearing) (This case will be continued to August 26, 1987.)

In the matter of Case 8352 being reopened pursuant to the provisions of Division Order No. R-7737, which order established special rules and regulations for the West Bravo Dome Carbon Dioxide Gas Area in Harding County, including a provision for 640-acre spacing units. Interested parties may appear and show cause why the West Bravo Dome Carbon Dioxide Gas Area should not be developed on less than 640-acre spacing and proration units.

CASE 9147: (Continued from June 17, 1987, Examiner Hearing)

Application of Phillips Petroleum Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard oil proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 2, Township 19 South, Range 32 East, Undesignated East Lusk-Bone Spring Pool, to be dedicated to its State "1-2" Well No. 1 located at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 2.

CASE 9164: (Continued from July 1, 1987, Examiner Hearing)

Application of Phillips Petroleum Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Eumont-Queen gas production and Eunice Monument-Grayburg-San Andres oil production in the wellbore of its New Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 20 South, Range 36 East, being approximately $4\frac{1}{2}$ miles northwest of Oil Center, New Mexico.

CASE 9176: Application of Phillips Petroleum Company for a special (oil) allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a special capacity allowable for Vacuum Grayburg-San Andres Pool production from its Philmex Well No. 19 located 1980 feet from the North line and 560 feet from the East line (Unit H) of Section 35. Applicant further seeks approval of a similar special capacity allowable for Vacuum Grayburg-San Andres Pool production from wells to be drilled in the following 40-acre oil proration units:

NW/4 NE/4 (Unit B) of Section 35;
SW/4 NE/4 (Unit G) of Section 35; and,
NW/4 NW/4 (Unit D) of Section 36.

All of the above-described locations are in Township 17 South, Range 33 East, and are approximately 7 miles west of Buckeye, New Mexico.

CASE 9177: Application of Phillips Petroleum Company for a special (oil) allowable and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks (1) a special capacity allowable for Eunice Monument (Grayburg-San Andres) Pool production from; and (2) approval to downhole commingle Eumont Gas Pool and Eunice Monument Pool production in the following described New Lease Wells in Section 26, Township 20 South, Range 36 East:

Well No. 1 located 660 feet from the North line and 330 feet from the East line (Unit A); and,
Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H).

Both wells are approximately $4\frac{1}{2}$ miles northwest of Oil Center, New Mexico.

CASE 9174: (Continued from July 15, 1987, Examiner Hearing)

Application of Santa Fe Energy Operating Partners, L.P. for simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to simultaneously dedicate East Carlsbad-Wolfcamp Gas Pool production to the W/2 of Section 2, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for said pool, from its existing Chase "2" State Well No. 1 located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 2, and from a second well to be drilled at a standard location in the NW/4 of said Section 2. This area is approximately 4 miles east of Carlsbad, New Mexico.

CASE 9182: Application of Sage Energy Company for a waterflood project, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the Bough "C" formation by the injection of water into the perforated interval from approximately 10,392 feet to 10,407 feet in its New Mexico "30" State Well No. 1 located 1980 feet from the South line and 800 feet from the East line (Unit I) of Section 30, Township 14 South, Range 34 East, West Tres Papalotes-Pennsylvanian Pool, being 13.25 miles west of Hilburn City, New Mexico.

CASE 9130: (Continued from June 3, 1987, Examiner Hearing) (THIS CASE WILL BE DISMISSED.)

Application of Apache Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 660 feet from the North and East lines of Section 27, Township 22 South, Range 34 East, to test the Morrow formation, the N/2 of said Section 27 to be dedicated to the well.

CASE 9131: (Continued from June 3, 1987, Examiner Hearing) (THIS CASE WILL BE DISMISSED.)

Application of Apache Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 1980 feet from the South line and 990 feet from the East line of Section 22, Township 22 South, Range 34 East, to test the Morrow formation, the S/2 of said Section 22 to be dedicated to the well.

CASE 9172: (Readvertised)

Application of Nearburg Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1200 feet from the South line and 760 feet from the East line (Unit P) of Section 12, Township 17 South, Range 37 East, Humble City-Strawn Pool, the S/2 SE/4 of said Section 12 to be dedicated to the well. Said well is approximately 4 miles west of the community of Knowles, New Mexico.

CASE 9183: Application of Reading & Bates Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 16, Township 25 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit for said pool to be dedicated to its Ingram Federal "16" Well No. 43 drilling at a standard oil well location 2025 feet from the South line and 915 feet from the East line (Unit I) of said Section 16. 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 location is approximately 6.5 miles north of Lindrith, New Mexico.

CASE 9184: Application of Reading & Bates Petroleum Company for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, as amended, to form a non-standard 320-acre oil spacing and proration unit comprising the E/2 of Section 16, Township 25 North, Range 2 West, to be dedicated to its Ingram Federal "16" Well No. 43 located at a standard oil well location 2025 feet from the South line and 915 feet from the East line (Unit I) of said Section 16 (being approximately 6.5 miles north of Lindrith, New Mexico.)

CASE 9185: 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 Lea and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Tule-Pennsylvanian Gas Pool. The discovery well is the Marshall Pipe and Supply Company J. T. McGee Well No. 1 located in Unit B of Section 27, Township 2 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 27: N/2

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The following cases will be heard before David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 9169: (Continued from July 15, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit C. R. (Carl) Robinson, John Iley, Eastern Indemnity Company of Maryland, and all other interested parties to appear and show cause why the O. F. Baca Well No. 1 located 660 feet from the North line and 1920 feet from the West line (Unit C) of Section 3, Township 5 North, Range 4 East, Valencia County, New Mexico, as projected into the Tome Land Claim, should not be plugged and abandoned in accordance with a Division-approved plugging program, said well being located approximately 15 miles east of Belen, New Mexico.

CASE 9179: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

- Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);
- Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);
- Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and,
- Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.5 to 3 miles south of Buckeye, New Mexico.

CASE 9180: Application of Yates Petroleum Corporation for compulsory pooling and a non-standard oil proration unit, 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 either the NE/4 SW/4 (Unit K) of Section 30, Township 19 South, Range 25 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the E/2 SW/4 and Lots 3 and 4 of said Section 30 to form a non-standard 162.76-acre oil spacing and proration unit within the North Dagger Draw-Upper Pennsylvanian Pool, both aforementioned 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. Said location is approximately 8.75 miles west of Lakewood, New Mexico.

CASE 9181: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox oil 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 Strawn formation underlying either the NW/4 SE/4 of Section 26, Township 16 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the W/2 SE/4 of said Section 26 to form a standard 80-acre spacing and proration unit within the Undesignated West Knowles-Drinkard and Undesignated Casey-Strawn Pools, both aforementioned units to be dedicated to a well to be drilled at an unorthodox oil well location 2400 feet from the South line and 1850 feet from the East line (Unit J) of said Section 26. 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 location is approximately 8.5 miles east-northeast of Lovington, New Mexico.

CASE 9171: (Continued from July 15, 1987, Examiner Hearing)

Application of MorOilCo, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates, Seven Rivers, and Queen formations in the perforated interval from approximately 3951 feet to 3995 feet and in the open hole interval from approximately 4064 feet to 5000 feet in the Atlantic Richfield Company's Mescalero Ridge Unit "MA" Well No. 31 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 19 South, Range 34 East, Undesignated Pearl-Queen Pool and Quail Ridge-Yates Gas Pool, which is approximately 2.5 miles north of N. M. Milepost No. 77 on U. S. Highway 62/180.