

Docket Nos. 43-84 and 44-84 are tentatively set for November 14 and 28, 1984. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 31, 1984

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 Gilbert P. Quintana, Alternate Examiner:

- CASE 8386: Application of Pelto Oil Company for a unit agreement, Santa Fe County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Pinon Unit Area comprising 50,000 acres, more or less, of State, Federal and Fee lands in Townships 13 and 14 North, Ranges 8 and 9 East.
- CASE 8387: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Arroyo Del Macho Unit Area comprising 25,214.78 acres, more or less, of State, Federal and Fee lands in Townships 4, 5, and 6 South, Ranges 21 and 22 East.
- CASE 8388: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Five Mile Draw Unit Area comprising 6,457.74 acres, more or less, of State, Federal and Fee lands in Townships 4, 6, and 7 South, Ranges 23 and 24 East.
- CASE 8389: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Huggins Draw Unit Area comprising 29,351.91 acres, more or less, of State, Federal and Fee lands in Townships 4 and 5 South, Ranges 22, 23, and 24 East.
- CASE 8390: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation through the base of the Morrow formation underlying the E/2 of Section 11, Township 19 South, Range 23 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 8226: (Continued from October 17, 1984, Examiner Hearing)  
Application of Doyle Hartman for **HARDSHIP GAS WELL CLASSIFICATION**, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its South Empire State Com Well No. 1 located in Unit M of Section 24, Township 17 South, Range 28 East, South Empire-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8359: (Continued from October 17, 1984, Examiner Hearing)  
Application of Doyle Hartman for the reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order to reinstate the cancelled underproduction assigned to the existing 320-acre non-standard gas proration unit comprised of the S/2 of Section 17, Township 24 South, Range 37 East, Jalmat Gas Pool, and dedicated to its Late Thomas Wells Nos. 1, 2, and 3 located in Units M, L, and J, respectively, of said Section 17.
- CASE 8360: (Continued from October 17, 1984, Examiner Hearing)  
Application of Doyle Hartman for reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order to reinstate the cancelled underproduction assigned to the existing 80-acre non-standard gas proration unit comprised of the E/2 SW/4 of Section 36, Township 23 South, Range 36 East, Jalmat Gas Pool, and dedicated to its Maralo State Well No. 1 located in the SE/4 SW/4 of said Section 36.
- CASE 8361: (Continued from October 17, 1984, Examiner Hearing)  
Application of Doyle Hartman for the reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order to reinstate the cancelled underproduction assigned to the existing 80-acre non-standard gas proration unit comprised of the SE/4 NW/4 and SW/4 NE/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, and dedicated to its Custer State Well No. 1 located in the SW/4 NE/4 of Section 36.
- CASE 8391: Application of Stevens Operating Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 2310 feet from the South line and 1760 feet from the East line of Section 19, Township 8 South, Range 29 East, to test the Fusselman formation, the S/2 of said Section 19 to be dedicated to the well.

Examiner Hearing - Wednesday - October 31, 1984

CASE 8392: Application of Moroilco Incorporated for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 2,888 feet to 3,000 feet in its Guajalote "A" State Well No. 1 located in Section 5, Township 19 South, Range 29 East.

CASE 8393: Application of Fluid Waste, 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 Bone Spring formation in its Dorstate Well No. 1 located in Section 27, Township 25 South, Range 28 East.

CASE 8383: (Continued from October 17, 1984, Examiner Hearing)

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 in the Drinkard and Strawn formations underlying the E/2 SE/4 and all mineral interests in all other formations from the surface to 11,500 feet underlying the NE/2 SE/4 of Section 33, 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 8394: Application of Pennzoil Company for compulsory pooling and an unorthodox 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 Pennsylvanian formation underlying the W/2 of Section 1, Township 17 South, Range 34 East, to be dedicated to a well to be drilled at an unorthodox location 1320 feet from the North line and 1980 feet from the West line of said Section 1. 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 8395: Application of Merrion Oil & Gas Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gallup and Dakota formations underlying the S/2 of Section 24, Township 24 North, Range 2 West, 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 8217: (Continued from October 17, 1984, Examiner Hearing)

Application of Curtis J. Little for HARDSHIP GAS WELL CLASSIFICATION, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal Com Well No. 2E located in Unit N of Section 11, Township 28 North, Range 13 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8396: 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 Lea County, New Mexico, classified as an oil pool for Cisco and Canyon production and designated as the North Anderson Ranch-Cisco Canyon Pool. The discovery well is the H. L. Brown, Jr. State 32 Well No. 1 located in Unit P of Section 32, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM  
Section 32: SE/4

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM  
Section 2: Lots 1, 2, 7, and 8

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the West Pitchfork Ranch-Atoka Gas Pool. The discovery well is the HNG Oil Company Madera Ridge 25 Federal Com Well No. 1 located in Unit L of Section 25, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 25: W/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the South Shoe Bar-Atoka Gas Pool. The discovery well is the HNG Oil Company Shoe Bar 14 State Com Well No. 1 located in Unit L of Section 14, Township 17 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 14: W/2

- (d) EXTEND the Airstrip-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 26: SW/4

- (e) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM  
Section 35: NW/4

- (f) EXTEND the Bluiitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM  
Section 21: Lots 1 and 2 and NW/4

- (g) EXTEND the Northeast Caudill-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM  
Section 2: SE/4

- (h) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 24: NE/4

- (i) EXTEND the East Hightower-Lower Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM  
Section 29: NW/4

- (j) EXTEND the Lea-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 23: NE/4  
Section 24: N/2

- (k) EXTEND the Lovington-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 30: SE/4

- (l) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM  
Section 8: N/2 SE/4

- (m) EXTEND the West Nadine-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 7: NW/4

- (n) EXTEND the Pitchfork Ranch-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM  
Section 33: E/2

- (o) EXTEND the East Saunders-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 9: SW/4

(p) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 15: NW/4

(q) EXTEND the Southeast Scharb-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 15: SW/4

(r) EXTEND the North Shoe Bar-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 15: N/2 NE/4 and NW/4

(s) EXTEND the Townsend-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM  
Section 35: SE/4

(t) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 23: NE/4

(u) EXTEND the Weir-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 15: NW/4

(v) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 2: NW/4

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DOCKET: COMMISSION HEARING - WEDNESDAY - NOVEMBER 7, 1984

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

CASE 8397: Application of Gulf Oil Corporation for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests from an upper limit described as 100 feet below mean sea level or at the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation underlying the Eunice Monument South Unit Area encompassing 14,189.84 acres, more or less, of State, Federal and Fee lands underlying portions of Sections 25 and 36 of Township 20 South, Range 36 East, Sections 30 through 32 of Township 20 South, Range 37 East, and Sections 2 through 18, 21 and 22 of Township 21 South, Range 36 East. The unitized interval would be from an upper limit described as 100 feet below mean sea level or at the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation between the depths of 3,666 feet to 5,283 feet, respectively, in Continental Oil Company's Meyer B-4 Well No. 23 located 660 feet from the South line and 1980 feet from the East line of Section 4, Township 21 South, Range 36 East. 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 well 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.

- CASE 8398: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the producing interval which shall include the formations which extend from an upper limit of 100 feet below mean sea level or at the top of the Grayburg formation, whichever is higher, to a lower limit to the base of the San Andres formation in the proposed Eunice Monument South Unit Area, in portions of Sections 25 and 36 of Township 20 South, Range 36 East, Sections 30 through 32 of Township 20 South, Range 37 East, and Sections 2 through 18, 21, and 22 of Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 8399: Application of Gulf Oil Corporation for pool extension and contraction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the upward extension of the vertical limits of the Eunice-Monument Pool to include either the top of the Grayburg formation or to a subsea datum of minus 100 feet, whichever is higher, underlying their proposed Eunice Monument South Unit Area in portions of Sections 25 and 36 of Township 20 South, Range 36 East, Sections 30 through 32 of Township 20 South, Range 37 East, and Sections 2 through 18, 21, and 22 of Township 21 South, Range 36 East, Lea County, New Mexico. Applicant also proposes the contraction of the vertical limits of the Eumont Gas Pool by contracting its lower limits to either the top of the Grayburg formation or to a subsea datum of minus 100 feet, whichever is higher, underlying the same area as described above.
- CASE 8182: (De Novo)
- Application of Mesa Petroleum Co. for NGPA determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that production from its State Com AJ Well No. 34 located in the NW/4 NW/4 of Section 31, Township 32 North, Range 12 West, is above normal NGPA stripper well levels as a result of the recognized enhanced recovery techniques as defined by 18 CFR 271.803 (a).
- Upon application of Mesa Petroleum Co., this case will be heard De Novo pursuant to the provisions of Division Rule 1220.
- CASE 8183: (De Novo)
- Application of Mesa Petroleum Co. for NGPA determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that production from its State Com AI Well No. 33 located in the NW/4 NW/4 of Section 32, Township 27 North, Range 9 West, is above normal NGPA stripper well levels as a result of the recognized enhanced recovery techniques as defined by 18 CFR 271.803 (a).
- Upon application of Mesa Petroleum Co., this case will be heard De Novo pursuant to the provisions of Division Rule 1220.
- CASE 8106: (Reopened)
- Application of Caulkins Oil Co. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these 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 8400: Application of Jack J. Grynberg for amendment of Division Order R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6873 to 1) declare the applicant to be the operator of said Order's subject well and unit, 2) allow for the drilling of a second PrePermian well on the established 320-acre proration unit and 3) the establishment of a risk factor and overhead charges for the new well.
- CASE 8087: (De Novo)
- Application of Union Oil Company of California for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Morrow well location 2050 feet from the South line and 825 feet from the West line of Section 27, Township 24 South, Range 26 East, White City-Pennsylvanian Gas Pool, all of said Section 27 to be dedicated to the well.
- Upon application of Gulf Oil Exploration and Production, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8228: (De Novo)

Application of Doyle Hartman for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Langlie "A" State Well No. 3 located in Unit I of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

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