CASE NO.

7604

APPlication,
Transcripts,
Small Exhibits,

ETC.

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2008 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

July 16, 1982

Mr. Thomas Kellahin Kellahin & Kellahin Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico	Re: CASE NO. 7604 ORDER NO. R. 7028 Applicant:
	Rio Pecos Corporation
Dear Sir:	
Enclosed herewith are two c Division order recently ent	opies of the above-referenced ered in the subject case.
Yours very truly, JOE D. RAMEY Director	
JDR/fd	
Copy of order also sent to:	
Hobbs OCD X Artesia OCD X Aztec OCD	

AND THE PROPERTY OF THE PROPERTY OF THE PARTY OF THE PART

MR. STAMETS: We'll call next Case 7604. MR. PEARCE: That is the application of Rio Pecos Corporation for compulsory pooling, Lea County, New Mexico. MR. STAMETS: At the request of the applicant this case will be dismissed. (Hearing concluded.)

CERTIFICATE

the foregoing Transcript of Hearing before the Oil Conservation Division was reported by mc; that the said transcript is a full, true, and correct record of the hearing, prepared by mc to the best of my ability.

July W. Boyl CSE

Examiner

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 760 4 heard by me pn 6 700 19 87

Oil Conservation Division

ML. BOX 197.8

Senta Pt. New Mexico #7901

Phone (305) 455-7409

23:

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7604 Order No. R-7028

APPLICATION OF RIO PECOS CORPORATION FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 9, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of July, 19.2, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7604 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

JOE D. RAMEY,

Director

SEAL

OIL AND GAS PROSPECTS RIO PECOS CORPORATION 212 AMERICAN HOME BUILDING ARTESIA, NEW MEXICO 88210 June 3, 1982 · GEOLOGY · RECKIVED MARK D. WILSON (505) 746-6246 TODD M. WILSON (915) 684-3937 1982 SECTION Midland, TX Gulf Oil Exploration and Production Company Re: Querecho South, Compulsory Pooling Application Township 19 South, Range 32 East, N.M.P.M. Section 2: All Lea County, New Mexico Please be advised that on June 2, 1982 I directed our attorney to cancell our request dated May 14, 1982, for compulsory pooling relative to the captioned proruly yours, Landman

- LAND -

SCOTT E. WILSON

(505) 746-3564

ROGER T. ELLIOTT

(505) 746-3564

Gentlemen:

spect.

RTE:tlb

P. O. Box 1150

Midland, Texas 79702

Attention: Mr. Stephen P. Burke

Dockets Nos.19 -82 and 20.82 are centatively set for June 23 and July 7, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 2, 1982 OIL CONSERVATION COMMISSION - 9 A.M. MORGAN HALL, STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO

CASE 7522: (DE NOVO - Continued from May 17, 1982, Commission Hearing)

Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permo-Penn, Strawn, Atoka and Morrow formations, the N/2 of said Section 14 to be dedicated to the well.

Upon application of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7521: (DE NOVO)

Application of William B. Marnhill for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the South and West lines of Section 35, Township 19 South, Range 25 East, Permo-Penn, Strawn, Atoka and Morrow formations, the S/2 of said Section 35 to be dedicated to the well.

Upon application of Chama Petroleum Company and William B. Barnhill, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 17-82

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 9, 1982
9 A.M. MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 7599: Application of Barber Oil Inc. for an Exception to Rule 705-A Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an exception to the provisions of Rule 705-A of the Division Rules and Regulations to permit 37 temporarily abandoned injection wells in its Russell Pool waterflood project to remain inactive for a period of up to three years without the required cement or bridge plugs being installed therein to isolate the injection zone.

CASE 7500: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and Queen formations in the perforated interval from 3338 feet to 3448 feet in its Arnott-Ramsay (NCT-B) Well No. 4 located in Unit D of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool.

CASE 7548: (Continued from April 14, 1982, Examiner Hearing)

Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea 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 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit P of Section 21, Township 9 South, Kange 37 East, West Sawyer-San Andres Pool.

CASE 7601: Application of Claude Walker for an oil treating plant permit, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the ME/4 NE/4 of Section 11, Township 10 South, Rarge 35 East.

- CASE 7602: Application of Riqueza, Inc. for an oil treating plant permit, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil in the NE/4 of Section 26, Township 22 South, Range 29 East.
- CAGE 7603: Application of Riqueza, Inc. for an exception to Order No. R-3221, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into an unlined surface pit located near its proposed oil treating plant in the NE/4 of Section 26, Township 22 South, Range 29 East.
- CASE 7519: (Continued from May 26, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

- CASE 7604: Application of Rio Pecos 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 Pennsylvanian formation underlying the W/2 of Section 2, Township 19 South, Range 32 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 7605: 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 uppermost 100 feet of the Mississippian Chester Linestone underlying the W/2 of Section 35, Township 19 South, Range 24 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 thereon 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 7606: Application of MTC Limited Partnership Company for compulsory pooling, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the base of the Abo formation underlying the NW/4 of Section 5, Township 7 South, Range 26 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 7592: (Continued from May 26, 1982, Examiner Hearing)

Application of OXOCO for compulsory pooling, San Juan County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Masa Verde formation underlying the E/2 of Section 20, Township 32 North, Range 8 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 7586: (Continued and Readvertised)

Application of Standard Resources Corp. for designation of a tight formation, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Abo-Wolfcamp formation underlying all or portions of Township 15 South, Ranges 23 through 25 East, Township 19 South, Range 20 East, and Township 20 South, Ranges 20 East, all in Chaves County; in Eddy County: Township 16 South, Ranges 23 through 26 East, Township 17 South, Ranges 21, 23, 24, and 25 East, and Township 18 South, Ranges 21, 23, 24 and 25 East, Township 19 South, Ranges 21, 23 and 24 East, and Township 20 South, Ranges 21, 23 and 24 East, containing 460,800 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271, 701-705.

CASE 7607: Application of El Paso Natural Gas Company for the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the horizontal limits of the South Blanco-Pictured Cliffs Pool to include the abolished acreage.

Also to be considered will be the appropriate method for institution of gas prorationing for wells effected by the change in pool designation.

CASE 7608: Application of Tenneco Oil Company for designation of a tight formation, San Juan County, New Mexico.

Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271. 701-705, applicant, in the above-styled cause, seeks the designation as a tight formation of the Dakota Producing Interval underlying the following described lands:

All of:

Sections 1 thru 6, Township 29 North, Range 8 West;

Sections 1 and 2, Township 29 North, Range 9 West;

Sections 1 thru 18 and Section 24, Township 30 North, Range 10 West;

Sections 7 thru 9, 16 thru 21 and 25 thru 36, Township 32 North, Range 7 West;

All sections, Township 32 North, Range 8 West; and

All sections, Township 32 North, Range 9 West;

Also:

All of Township 30 North, Range 8 West except Sections 3 thru 5 and Section 35;

All of Township 30 North, Range 9 West except Sections 31 thru 34;

All of Township 31 North, Range 8 West except Section 32; and

All of Township 31 North, Range 9 West except Sections 27 and 28

containing 149,760 acres, more or less.

CASE 7609: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending cartain pools in Chaves, Eddy, and Lea Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Middle Bell Canyon production and designated as the Brushy Draw-Middle Bell Canyon Gas Pool.

The discovery well is the J. C. Williamson EP-USA Well No. 2 located in Unit O of Section 26, Township 26 South, Range 29 East, NMPM. Said Fool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM Section 26: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Legg-Bone Spring Pool. The discovery well is the Amoco Production Company State LT Well No. 1 located in Unit K of Section 32, Township 21 Scuth, Range 33 East, NMPM. Said Pool would comprise:

> TOWNSHIP 21 SOUTH, RANGE 33 EAST, NORTH Section 32: SW/4

(c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the White Ranch-Atoka Gas Pool. The discovery well is the Depco, Inc. White Ranch Unit Well No. 1 located in Unit-F of Section 8, Township 13 South, Range 30 East, NRPM. Said Pool would comprise:

TOWNSHIP 13 SOUTH, PANGE 30 EAST, NMPM Section 8: W/2

(d) EXTEMD the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

> TOWNSHIP 14 SOUTH, RANGE 36 EAST, NHPM Section 5: N/2 and SW/4

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

> TOWNSHIP 14 SOUTH, MANGE 33 EAST, NMPM Section 18: NE/4

(f) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

YOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM Section 8: \$/2

(g) EXTEND the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM Section 6: 5/2

(h) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMFM Section 34: N/2 Section 35: N/2

(i) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM Section 3: S/2 Section 10: N/2

(j) EXTEND the EK Yates-Seven Rivers-Queen Sool in Lea County, New Mexico, to include therein:

> TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM Section 9: SW/4

(k) EXTEND the Elkins-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM Section 22: S/2 NW/4

(1) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM Section 20: N/2

(m) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM Section 31: S/2

(n) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein;

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

(o) EXTEND the House-Drinkard Fool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, MHPM Section 35: SE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NAPH Section 2: NE/4

EXAMINER HEARING WEDNESDAY-JUNE (

(p) EXTEND the South Kemnitz Atoka-Morrow Gag Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM Section 19: S/2

(q) EXTEND the RastLaRica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 14 EAST, NMPM Section 35: S/2

(r) EXTEND the North Loving-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM Section 5: All

(s) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, MANGE 28 EAST, NMPM Section 6: S/2

(t) EXTEND the Maljamar-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, MANGE 33 EAST, NHPM Section 28: E/2

(u) EATEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM Section 6: Lots 1, 2, 3, 4, 5, 6, 7, and 8

(v) EXTEND the Sand Hills Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM Section 31: SE/4

(w) EXTEND the Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein;

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM Section 4: N/2

(x) EXTEND the Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 ELST, NMPM Section 35: NE/4

(y) EXTEND the Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein;

> TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM Section 13: N/2 NW/4

(2) EXTEND the North Turkey Track-Norrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM Section 27: E/2

(aa) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM Section 13: All

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM Section 4: SE/4
Section 11: W/2

Docket No. 18-82

DOCKET: EXAMINER HEARING - THURSDAY- JUNE 17, 1982

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

The following cases will be heard before Daniel 5. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLZ: (1) Consideration of the allowable production of gas for July, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for July, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

KELLAHIN and KELLAHIN Attorneys at Law 500 Don Gaspar Avenue

Jason Kellahin W. Thomas Kellahin Karen Aubrey

Post Office Box 1769 Santa Fe, New Mexico 87501

Telephone 982-4285 Area Code 505

May 1.4, 1982

Mr. Joe D. Ramey Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Re:

Rio Pecos Corporation

Pase 7604

Dear Mr. Ramey:

Please find enclosed for filing our application on behalf of Rio Pecos Corporation for a compulsory pooling order. Please set this case for hearing on June 9, 1982, Examiner hearing.

WTK:rb Enclosure

Rio Pecos Corporation Gulf Oil Exploration &

Production Company

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY AND MINERALS OIL CONSERVATION DIVISION

MAY 1.8 1982

Tight is your all

IN THE MATTER OF THE APPLICATION OF RIO PECOS CORPORATION, FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE 7604

APPLICATION

COMES NOW Rio Pecos Corporation, and applies to the Oil Conservation Division of New Mexico for an order pooling all mineral interest underlying the W/2 of Section 2, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, for the formation of a standard gas proration and spacing unit for all gas formations from the surface to the base of the Pennsylvanian, and in support thereof would show the Commission:

- 1. Applicant is the owner of the right to drill and develop the W/2 of Section 2, Township 19 South, Range 32 East, and desires to form a 320 acre unit composed of the W/2 of said Section.
- 2. Applicant proposes to drill a well to test the gas formations at a standard location in the W/2 of Said Section 2.
- 3. Applicant has sought to obtain the cooperation of all parties.
- 4. In order to obtain their just and equitable share of the production underlying the above lands, Applicant needs an order pooling the mineral interest involved.

5. Those who have not consented to join in the drilling of the well, with their addresses, to the best of applicant's information and belief, are as follows:

NAME
ADDRESS
INTEREST

Gulf Oil Exploration & P. O. Box 1150
Production Company
Midland, Texas 79702
40/320

6. The parties named in paragraph 5 above have been furnished a copy of this application.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling all of the mineral interests underlying the W/2 of Section 2, Township 19 South, Range 32 East, NMPM.

Applicant further prays that it be named operator of the well, and that the order make provision for application to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling of the well, for such other and further relief as may be proper.

Respectfully submitted,

RIO PECOS CORPORATION

Kellahin &/Kellahin

P. O. Box/1769

Santa Fe, New Mexico 87501

(505) 982-4285

Attorneys for Applicant

OFTIGE

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7604 Order No. R-79

APPLICATION OF RIO PECOS CORPORATION FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 9, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>day of July, 1982, the Division</u> Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7604 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY, Director

SEAL

MS.