

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 19, 1995

8:15 A.M. - 2040 SOUTH PACHECO

SANTA FE, NEW MEXICO

Dockets Nos. 4-95 and 5-95 are tentatively set for February 2, 1995 and February 16, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10280: (Reopened - Continued from December 15, 1994, Examiner Hearing.)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Orders Nos. R-9594 and R-9594-A, which orders promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said special pool rules should not be rescinded and why the Milnesand-Abo Pool should not be developed on other than 40-acre spacing and proration units.

CASE 11129: (Reopened)

Application of AnSon Gas 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 Atoka formation underlying the N/2 SE/4 of Section 15, Township 17 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes both the Undesignated Humble City-Atoka Pool and the Undesignated Humble City-Strawn Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox oil well location 2310 feet from the South line and 410 feet from the East line (Unit I) of said Section 15. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles north northwest of Humble City, New Mexico.

CASE 10530: (Reopened - Continued from January 5, 1995, Examiner Hearing.)

In the matter of Case No. 10530 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11176: Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

CASE 11153: (Readvertised)

Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco-Mesaverde Pool gas production with Basin-Dakota Pool gas production within the wellbore from its Martinez Gas Com Well No. 1G located 1198 feet from the North line and 790 feet from the East line (Unit A) of Section 24, Township 29 North, Range 10 West. Said well is located inside the town in Blanco, New Mexico.

CASE 11155: (Continued from December 15, 1994, Examiner Hearing.)

Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Blanco-Pictured Cliffs Pool gas production (160-acre standard dedication comprising the NE/4) with gas production from the Basin-Fruitland Coal (Gas) Pool (320-acre standard dedication comprising the N/2) within the wellbore of its proposed Ruth Well No. 1 located at a standard gas well location for both intervals 940 feet from the North line and 790 feet from the East line (Unit A) of Section 8, Township 31 North, Range 10 West. Said well is located approximately 1.5 miles south southwest of Blanco, New Mexico.

CASE 11176: (Continued from January 5, 1995, Examiner Hearing.)

Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 1350 feet from the North line and 1850 feet from the East line (Lot 10/Unit G) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

CASE 11183: (Continued from January 5, 1995, Examiner Hearing.)

Application of David Petroleum 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 Strawn formation underlying the N/2 NE/4 of Section 33, Township 15 South, Range 35 East, in the following described manner: the N/2 NE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; and, the NW/4 NE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit(s) are to be dedicated to the Barton Fee Well No. 1 to be drilled at a standard location 760 feet from the North line and 2090 feet from the East line (Unit B) of Section 33. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 4 miles Northwest of Lovington, New Mexico.

CASE 11187: Application of Maralo, Inc. 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 Bone Spring formation, underlying the SW/4 SE/4 (Unit O) of Section 30, Township 23 South, Range 30 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 10 miles east by south of Loving, New Mexico.

CASE 11188: Application of Texaco Exploration and Production Inc., for certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on its Vacuum Glorieta West Unit Waterflood Project, which qualified for the recovered oil tax rate under the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9714. Said project is located in portions of Townships 17 and 18 South, Ranges 34 and 35 East and encompasses the immediate area in and around Buckeye, New Mexico.

CASE 11189: Application of ORYX Energy Company for an unorthodox infill gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Conoco State Gas Com Well No. 2 at an unorthodox infill gas well location 800 feet from the South and West lines (Unit M) of Section 2, Township 22 South, Range 23 East, in the Indian Basin-Upper Pennsylvanian Gas Pool. Said well is to be dedicated to an existing 654.28-acre gas spacing and proration unit comprising all of said irregular Section 2, which is presently dedicated to its Conoco State Gas Com Well No. 1 located at a standard gas well location 1775 feet from the North line and 1980 feet from the West line (Unit F) of said Section 2. Said unit is located approximately 3 miles south of the Marathon Oil Company Indian Basin Gas Plant.

CASE 11190: Application of MYCO Industries, Inc. 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 Cisco formation to the base of the Morrow formation underlying the E/2 of Section 22, Township 18 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Palmillo-Cisco Gas Pool, the Turkey Track-Atoka Gas Pool, and the North Turkey Track-Morrow Gas Pool. Said unit is 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 11 miles southwest by south of Loco Hills, New Mexico.

CASE 11191: Application of Great Western Drilling 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 for its existing Glenn Cleveland Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7, Township 15 South, Range 35 East, in order to test and recomplate this well in the Morrow formation. The E/2 of said Section 7 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles northwest of Lovington, New Mexico.

CASE 11192: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (standard 160-acre dedication comprising the SW/4) with gas from the Basin-Fruitland Coal (Gas) Pool [305.33-acre dedication comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent)] within the wellbore of its existing Murphy "A" Com A Well No. 1 located at a standard gas well location for both intervals 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 2, Township 29 North, Range 11 West. Said well is located approximately 3.5 miles north-northeast of Bloomfield, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11165: (Reopened & Readvertised)

Application of Naumann Oil & Gas Inc. to vacate Division Order No. R-6792, as amended, for compulsory pooling, a non-standard gas spacing and proration unit, and for an unorthodox surface and subsurface gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the East Custer-Devonian Gas Pool underlying Lots 3 through 7, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of Section 6, Township 25 South, Range 37 East, thereby forming a non-standard 312.95-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the Dakota Resources Inc. Custer Wells Well No. 1 (API No. 30-025-27374), which is located at an unorthodox surface gas well location 1810 feet from the North line and 2164 feet from the West line (Unit F) of said Section 6, which is an existing and temporarily abandoned wellbore originally drilled directionally to the Ellenburger formation, and is to be recompleted in the East Custer-Devonian Gas Pool, the top of which is at an unorthodox subsurface location 1759 feet from the North line and 1269 feet from the West line (Unit E) of said Section 6. Also to be considered will be the costs of recompleting said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for the risk involved in recompleting said well. Applicant further seeks an order vacating Division Order No. R-6792, as amended, which previously imposed a production limitation on Devonian gas production from said well. The proposed unit is located approximately 3 miles north of Jal, New Mexico.

CASE 11193: Application of ARCO Permian (A Unit of Atlantic Richfield) for short radius high angle/horizontal drainholes, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to recomplate three existing wells within its Empire Abo Pressure Maintenance Project Area with short radius high angle/horizontal drainholes of approximately 1,000 feet in length within the Empire-Abo Pool. The threes wells to be recompleted are located in either Sections 1 and 2 of Township 18 South, Range 27 East, being approximately 10 miles east-southeast of Riverside, New Mexico.

CASE 11194: Application of Charles B. Gillespie, Jr. for a pressure maintenance project and qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the designated and Undesignated West Lovington-Strawn Pool within its proposed West Lovington Strawn Unit Area (being the subject of Case No. 11195) located in portions of Townships 15 and 16 South, Ranges 35 and 36 East, by the injection of natural gas through the perforated interval from approximately 11,424 feet to 11,434 feet into its existing Speight Fee Well No. 1 located 660 feet from the North line and 2310 feet from the West line (Lot 3/Unit C) of Section 1, Township 16 South, Range 35 East. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11195: Application of Charles B. Gillespie, Jr. for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a pressure maintenance project, all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying its proposed West Lovington Strawn Unit Area encompassing some 1457.05-acres, more or less, of Federal, State, and Fee lands comprising all of Section 33 and the W/2 of Section 34 of Township 15 South, Range 35 East, a portion of Section 1, Township 16 South, Range 35 East, and a portion of Section 6, Township 16 South, Range 36 East. Among the matters to be considered at the hearing, pursuant to the "New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, will be the necessity of unit operations; the designation of a unit operator; the determination of 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 investments, to each of the various tracts in the unit area; the determination of credits and changes 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 the unit operator, and time of commencement and termination of unit operations. Said unit area is centered approximately 4.5 miles West-Northwest of Lovington, New Mexico.

CASE 11196: Application of Nearburg Exploration Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location in the Undesignated South Humble City-Strawn Pool to be drilled 330 feet from the South line and 1300 feet from the West line (Unit M) of Section 12, Township 17 South, Range 37 East. The S/2 SW/4 of said Section 12 to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 3.25 miles north of Humble City, New Mexico.

CASE 10653: (Reopened - Continued from January 5, 1995, Examiner Hearing.)

In the matter of Case No. 10653 being reopened pursuant to the provisions of Division Order No. R-9842-A, which order provided for an increase in allowable to 300 BOPD for the Northeast Lea-Delaware Pool, in Eddy County, New Mexico. Operators in the subject pool may appear and present evidence and show cause why said 300 BOPD allowable should not revert to the standard 107 BOPD depth bracket allowable.

CASE 11197: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, extending horizontal and vertical limits, and redesignating certain pools in Chaves and Lea Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Bell Lake-Delaware Pool. The discovery well is the Strata Production Company Papagayo Federal Well No. 1 located in Unit M of Section 27, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 27: SW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Casey-San Andres Pool. The discovery well is the Yates Petroleum Corporation Burton AER Well No. 1 located in Unit J of Section 26, Township 16 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 26: SE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the West Knowles-Strawn Pool. The discovery well is the Anson Gas Corporation Anderson 33 Well No. 1, bottom hole location in Unit G of Section 33, Township 16 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM

Section 33: NE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Grayburg production and designated as the Northeast Lea-Grayburg Pool. The discovery well is the Mallon Oil Company Mallon 34 Federal Well No. 1 located in Unit D of Section 34, Township 19 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 34: NW/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Southeast Lusk-Atoka Gas Pool. The discovery well is the Fina Oil & Chemical Company Federal HH 33 Well No. 1 located in Unit G of Section 33, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 33: N/2

- (f) EXTEND the vertical limits of the Hardy-Simpson Pool in Lea County, New Mexico, to include the Ellenburger formation and redesignate said pool as the Hardy Simpson-Ellenburger Pool.

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

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM

Section 24: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 22: N/2

- (i) EXTEND the Northeast Lea-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 34: E/2

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 3: NE/4

- (j) EXTEND the East Livingston Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 10: W/2

- (k) EXTEND the East Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM

Section 1: W/2

Section 2: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM

Section 7: NW/4

- (m) EXTEND the Red Hills-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM

Section 6: SW/4

Section 7: SE/4

- (n) EXTEND the West Red Tank-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 14: SE/4

Section 34: NW/4

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January 4, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Oil Conservation Division Case No. 11176:
Applications of Amoco Production Company to Amend Division Order No.,
R-10174 to Include Provisions for an Unorthodox Surface Gas Well Location,
Simultaneous Dedication, and an Exception to Rule 2(b) of the Special Rules
covering the Blanco-Mesaverde Pool, San Juan County, New Mexico

Dear Mr. LeMay:

Amoco Production Company respectfully requests that this matter which is currently set on the Division docket for the January 5, 1994 hearings be continued to the January 19, 1995 Examiner docket.

Your attention to these matters is appreciated.

Very truly yours,

WILLIAM F. CARR
WFC:mlh

cc: Bill Hawkins
Amoco Production Company
Post Office Box 800
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