

**CASE 11201: (Reopened)**

In the matter of Case No. 11201 being reopened pursuant to the provisions of Division Order No. R-10313, which order promulgated temporary special rules and regulations and assigned a special depth bracket oil allowable for the South Midway-Strawn Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why the rules should not be rescinded.

**CASE 11089 (Reopened)**

In the matter of Case No. 11089 being reopened pursuant to the provisions of Division Order No. R-46-A, which order promulgated Temporary Special Pool Rules and Regulations for the Parker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools in San Juan, County, New Mexico. Operators should appear and show cause why the rules should not be rescinded.

**CASE 11718:** **Application of Wiser Oil Company for an expansion of its waterflood project, Eddy County, New Mexico.** Applicant seeks to expand its Skelly Unit Waterflood Project and inject water into 62 additional wells: 9 wells in Section 14, 11 wells in Section 15, 10 wells in Section 21, 7 wells in Section 22, 10 wells in Section 23, 1 well in Section 26, 4 wells in Section 27, and 10 wells in Section 28, all within Township 17 South, Range 31 East, to provide additional injection service for the existing Skelly Unit Waterflood approved by Order No. R-3214. The zones to be injected into are the Vacuum-Grayburg and San Andres at an average TD of 3900' with a maximum injection rate of 250 BWPD/well at a maximum pressure of 2600 psi. Said project is located approximately 7 miles east of Loco Hills, New Mexico.

**CASE 11703: (Continued from January 23, 1997, Examiner Hearing.)**

**Application of Parker & Parsley Development, L. P. for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a water injection project, all mineral interests in the West Lusk-Delaware Pool underlying its proposed Lusk West (Delaware) Unit Area encompassing some 1520 acres, more or less, of Federal lands comprising all of Sections 20 and 21 and NW/4, N/2 SW/4 of Section 21, all in Township 19 South, Range 32 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 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 the unit operator; and time of commencement and termination of unit operations. Said unit area is centered approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11704: (Readvertised)**

**Application of Parker & Parsley Development, L. P. for a water injection project for secondary recovery of hydrocarbons and for qualification for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval to institute a water injection project in the West Lusk-Delaware Pool within its proposed Lusk West (Delaware) Unit Area (being the subject of Case No. 11703) located in Township 19 South, Range 32 East, by the injection of produced water through perforated intervals into the West Lusk-Delaware Pool. Applicant also seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11602: (Continued from January 23, 1997, Examiner Hearing.)**

**Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

**CASE 11603:** (Continued from January 23, 1997, Examiner Hearing.)

**Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

**CASE 11719:** In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order extending certain existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) EXTEND the Barker Dome-Desert Creek Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Section 30: E/2

- (b) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM

Section 11: E/2 NE/4

- (c) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 4: All

Section 5: N/2

Section 9: All

Section 16: All

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM

Section 28: All

Sections 32 and 33: All

- (d) EXTEND the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include herein:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 4: W/2

Section 5: E/2

- (e) EXTEND the Carracas-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM

Section 23: NW/4

- (f) EXTEND the Ensenada-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 20: SW/4

Section 26: W/2

Section 27: SE/4 and N/2

Section 28: N/2

Section 29: All

Section 34: SE/4

Sections 35 and 36: All

- (g) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 1: S/2

Section 2: S/2

**CASE 11516:** (Continued from December 5, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, H & W Enterprises, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Mobil State Well No. 1, located in Unit H of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said well is located approximately 6 miles west-southwest of Maljamar, New Mexico.

**CASE 11703:** (Continued from January 9, 1997, Examiner Hearing.)

**Application of Parker & Parsley Development, L. P. for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a water injection project, all mineral interests in the West Lusk-Delaware Pool underlying its proposed Lusk West (Delaware) Unit Area encompassing some 1520 acres, more or less, of Federal lands comprising all of Sections 20 and 21 and NW/4, N/2 SW/4 of Section 21, all in Township 19 South, Range 32 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 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 the unit operator; and time of commencement and termination of unit operations. Said unit area is centered approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11704:** (Continued from January 9, 1997, Examiner Hearing.)

**Application of Parker & Parsley Development, L. P. for a water injection project for secondary recovery of hydrocarbons, Lea County, New Mexico.** Applicant seeks approval to institute a water injection project in the West Lusk-Delaware Pool within its proposed Lusk West (Delaware) Unit Area (being the subject of Case No. 11703) located in Township 19 South, Range 32 East, by the injection of produced water through perforated intervals into the West Lusk-Delaware Pool. Said project is located approximately 13 miles southeast of Loco Hills, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 16, 1997

9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO  
 The Land Commissioner's designee for this hearing will be Jami Bailey

**CASE 11705:** Application of the Oil Conservation Division to amend Order R-8170, as amended, "General Rules for the Prorated Pools of New Mexico. Applicant seeks to amend Order No. R-8170, as amended, to simplify the testing and proration rules as applied to the prorated pools of northwest New Mexico.

**CASE 10994:** (Reopened)

Application of Phillips Petroleum Company to Reopen De Novo Case No. 10994, Roosevelt County, New Mexico. Case 10994 will be reopened for consideration of oil allowables for future production from the South Peterson-Fusselman Pool, Roosevelt County, New Mexico.

**CASE 11613:** (De Novo)

Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank-Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal Well No. 1 which is to be drilled at a standard well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing said well and the allocation of those costs as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 13 1/2 miles southeast of the intersection of State Highway 176 and U.S. Highway 180, Lea County, New Mexico. Upon application of Penwell Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11622:** (De Novo)

Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East. Applicant proposes to dedicate this pooled unit to its Checkers 24 Federal Well No. 1 to be drilled at a standard location 1980 feet from the South and East lines (Unit J) of said Section 24 to test any and all formations to the base of the Bone Spring formation, Red Tank-Bone Spring Pool. 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 area is located approximately 28 miles west-southwest of Eunice, New Mexico. Upon application of Penwell Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11510:** (Reopened - Continued from December 12, 1996, Commission Hearing.)

Application of Branko, Inc. Et. al to Reopen Case No. 10656 (Order No. R-9845), Lea County, New Mexico. Mitchell Energy Corporation, a party in this matter, has requested to have the Oil Conservation Commission decide the matter of which parties are to be notified of election rights under compulsory pooling orders.

**CASE 11579:** (De Novo - Continued from December 12, 1996 Commission Hearing.)

Application of Pogo Producing Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool within its federal oil and gas lease (No. NM-86149) comprising the W/2 of Section 26, Township 22 South, Range 32 East, by the injection of natural gas through the perforated interval from approximately 8,399 feet to 8,471 feet into its existing Red Tank "26" Federal Well No. 1 located 1880 feet from the South and West lines (Unit K) of said Section 26. Said project area is located approximately 29 miles west by south of Eunice, New Mexico. Upon application of Pogo Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 11702:** **Application of Mallon Oil Company for compulsory pooling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 30, Township 19 South, Range 34 East, and in the following manner: The N/2 of Section 30 to form 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, including but not limited to the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Quail Ridge-Atoka Gas Pool; the NE/4 of Section 30 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within said vertical extent, including but not limited to the Undesignated Quail Ridge-Yates Gas Pool; and the SW/4 NE/4 of Section 30 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the Undesignated East Gem-Strawn Pool, Undesignated Apache Ridge-Bone Spring Pool, and Undesignated Pearl-Queen Pool. Said unit will be dedicated to its Mescalero Ridge Unit 30 Well No. 4, to be drilled at an unorthodox location 1330 feet from the North and East lines (Unit G) 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 the risk involved in drilling the well. Said unit is located approximately 2.5 miles north of U.S. Highway 62/180 mile marker 76.

**CASE 11703:** **Application of Parker & Parsley Development, L. P. for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a water injection project, all mineral interests in the West Lusk-Delaware Pool underlying its proposed Lusk West (Delaware) Unit Area encompassing some 1520 acres, more or less, of Federal lands comprising all of Sections 20 and 21 and NW/4, N/2 SW/4 of Section 21, all in Township 19 South, Range 32 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 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 the unit operator; and time of commencement and termination of unit operations. Said unit area is centered approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11704:** **Application of Parker & Parsley Development, L. P. for a water injection project for secondary recovery of hydrocarbons, Lea County, New Mexico.** Applicant seeks approval to institute a water injection project in the West Lusk-Delaware Pool within its proposed Lusk West (Delaware) Unit Area (being the subject of Case No. 11703) located in Township 19 South, Range 32 East, by the injection of produced water through perforated intervals into the West Lusk-Delaware Pool. Said project is located approximately 13 miles southeast of Loco Hills, New Mexico.

**CASE 11604:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico.** Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.