

Dockets Nos. 27-85 and 28-85 are tentatively set for September 11 and 25, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 28, 1985

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

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 2355: (Reopened)

In the matter of Case 2355 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-2051, as amended, which order promulgated temporary special rules and regulations for the Bluitt-Wolfcamp Gas Pool in Roosevelt County including a provision for 320-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing units.

CASE 3544: (Reopened)

In the matter of Case 3544 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-3212 which order created the Tower Hill-Morrow Gas Pool in Eddy County and promulgated temporary special rules and regulations therefor including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 4575: (Reopened)

In the matter of Case 4575 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-4193 which order established a limiting gas-oil ratio of 5,000 cubic feet of gas for each barrel of oil produced for the South Eunice-San Andres Pool in Lea County. Operators may appear and present evidence as to whether or not the Anadarko Production Company Lou Wortham Well No. 6 located in Unit E of Section 11, Township 22 South, Range 37 East, is in fact a gas well; whether or not the pool is in fact an associated reservoir; and whether or not the limiting gas-oil ratio should revert to 2000 to 1.

CASE 4815: (Reopened)

In the matter of Case 4815 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-4405 which order created the East Catclaw Draw-Strawn Gas Pool in Eddy County and promulgated temporary special rules and regulations therefor including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 4826: (Reopened)

In the matter of Case 4826 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-4407 which order created the Catclaw Draw-Strawn Gas Pool in Eddy County and promulgated temporary special rules and regulations therefor including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 5385: (Reopened)

In the matter of Case 5385 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-4951 which order created the High Hope-Abo Gas Pool in Eddy County and promulgated temporary special rules and regulations therefor including a provision for 320-acre spacing. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing units.

CASE 5438: (Reopened)

In the matter of Case 5438 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-4996 which order created the Fairview Mills-Wolfcamp Gas Pool in Lea County and promulgated temporary special rules and regulations therefor including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing units.

CASE 5777: (Reopened)

In the matter of Case 5777 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-5316 which order created the Horse Back-Pennsylvanian Gas Pool in Lea County and promulgated temporary special rules and regulations therefor including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 5978: (Reopened)

In the matter of Case 5978 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-5492 which order created the Hagood-Pennsylvanian Gas Pool in Lea County and promulgated temporary special rules and regulations therefor including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 8672: (Continued from August 14, 1985, Examiner Hearing)

Application of Armstrong Energy for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Blue Lagoon Unit Area comprising 1600 acres, more or less, of State lands in Township 11 South, Range 34 East.

CASE 8681: Application of Santa Fe Exploration Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Airstrip Northwest Deep Unit Area comprising 640 acres, more or less, of State and Fee lands in Township 18 South, Range 34 East.CASE 8682: Application of Santa Fe Exploration Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the E-K Deep Unit Area comprising 640 acres, more or less, of State and Fee lands in Township 18 South, Range 34 East.CASE 8658: (Continued and Readvertised)

Application of Haseloff Corporation for three unorthodox oil well locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of three unorthodox oil well locations in Section 13, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, as follows:

1310 feet from the South and West lines;
1310 feet from the South line and 2630 feet from the West line; and
1310 feet from the South line and 1330 feet from the East line.

CASE 8683: Application of H. L. Brown, Jr. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Feather-Morrow Pool including a provision for a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil retroactive to the date of the creation of the pool.CASE 8684: Application of David Fasken for pool extensions and contractions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Burton Flat-Morrow Gas Pool by the deletion therefrom of all of Section 35, Township 20 South, Range 27 East, and Lots 1 through 16 of Section 1, Township 21 South, Range 27 East, and the concomitant extension of the Avalon-Morrow Gas Pool.CASE 8685: Application of Dugan Production Corp. for pool creation and special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Gallup production comprising portions of Sections 6, 7, and 8, Township 23 North, Range 9 West; portions of Sections 1, 2, 3, 4, 10, 11, and 12, Township 23 North, Range 10 West; and portions of Sections 27, 28, 32, 33, 34, and 35, Township 24 North, Range 10 West, and the promulgation of special pool rules therefor including a provision for 80-acre spacing units and designated well locations.CASE 8674: (Continued from August 14, 1985, Examiner Hearing)

Application of Jack Plemons 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 3500 feet underlying the NW/4 NW/4 of Section 27, Township 17 South, Range 29 East, to be dedicated to its Continental "27" State Well No. 6 located 990 feet from the North line and 330 feet from the West line of said Section 27. 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 8661: (Continued and Readvertised)

Application of McCasland Oil Disposal System Partnership 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 formation in the perforated interval from 3824 feet to 4248 feet in the Alpha 21 Production Company Steve State Well No. 1 located 1980 feet from the North line and 2310 feet from the West line of Section 1, Township 22 South, Range 35 East, Jalmat Gas Pool.

CASE 8686: Application of Robert E. Chandler 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 Granite Wash formation underlying the NE/4 SW/4 of Section 7, Township 22 South, Range 38 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 8664: (Continued from August 14, 1985, Examiner Hearing)

Application of Cities Service Oil and Gas Corporation for compulsory pooling, Harding County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Bravo Dome Carbon Dioxide Area underlying all of Section 30, Township 18 North, Range 29 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 8687: Application of Rio Pecos 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 660 feet from the North and West lines of Section 34, Township 16 South, Range 34 East, Morrow formation, the N/2 of said Section 34 to be dedicated to the well.

CASE 8688: Application of Rio Pecos 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 to the base of the Morrow formation underlying the W/2 of Section 26, Township 17 South, Range 30 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 8666: (Continued from July 31, 1985, Examiner Hearing)

Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the determination that its Sammons Gas Com "I" Well No. 1 located 945 feet from the North line and 1580 feet from the East line (Unit B) of Section 6, Township 31 North, Range 10 West, Cedar Hill-Fruitland Basal Coal Gas Pool, meets the NGPA well category criteria for Section 107, High Cost Occluded Gas Produced from Coal Seams, under Section 107 of the Natural Gas Policy Act of 1978.

CASE 8689: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying a previously approved 120-acre non-standard proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to its Justis Christmas Gas Com Well No. 1 located 2225 feet from the North line and 790 feet from the West line of said Section 20. 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 8690: Application of Doyle Hartman for a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 of Section 22 and the NW/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 240-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Wells Nos. 1, 2, and 3.

CASE 8678: (Continued from August 14, 1985, Examiner Hearing)

Application of Wilton Scott to vacate and void Division Order No. R-7983, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to vacate and void Division Order No. R-7983 which promulgated temporary special pool rules and regulations for the Northeast Caudill-Wolfcamp Pool including a provision for 80-acre spacing.

CASE 8691: 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 Chaves and Lea Counties:

(a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the West Cedar Point-Wolfcamp Gas Pool. The discovery well is the V. H. Westbrook V. H. Kinihan Federal Well No. 1 located in Unit O of Section 20, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 20: S/2

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Johnson Ranch-Atoka Gas Pool. The discovery well is the Southland Royalty Company Madera Ridge "27" State Com Well No. 1 located in Unit B of Section 27, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 27: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the East Ranger Lake-Atoka Gas Pool. The discovery well is the MWJ Producing Company Elkan 6 Com Well No. 1 located in Unit L of Section 6, Township 13 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM
Section 6: S/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates-Seven Rivers production and designated as the Young Yates-Seven Rivers Pool. The discovery well is the MMM Petroleum Federal 15 Well No. 1 located in Unit N of Section 15, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 15: SW/4

(e) EXTEND the Air Strip-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 14: SW/4

(f) EXTEND the North Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 28: NE/4

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

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 13: SW/4
Section 24: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 25: N/2

(i) EXTEND the House Yates-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 6: E/2

(j) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 13: NE/4

(k) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 27: N/2

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 32: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 14: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 4: SW/4
Section 8: NW/4

One Year After Gas Connection

Not in Annual Report ✓ Horse Back - Pennsylvanian Gas Pool
Lea County R-5316
November 4, 1976

✓ Six Months Bluit - Wolfcamp Gas Pool
Roosevelt County R-2051-C
August 11, 1964

Abandoned) Fairview Mills - Wolfcamp Gas Pool
Lea County R-4996
April 8, 1975

✓ High Hope - Abo Gas Pool
Eddy County R-4951
January 22, 1975

Abandoned) Tower Hill - Morrow Gas Pool
Eddy County R-3212
March 30, 1967

Not in Annual Report ✓ East Catclaw Draw - Strawn Gas Pool
Eddy County R-4405
September 27, 1972

Abandoned) Catclaw Draw - Strawn Gas Pool
Eddy County R-4407
September 27, 1972

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. 4815 (Reopened)
Order No. R-4405-A

IN THE MATTER OF DIVISION CASE NO.
4815 BEING REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NO.
R-4405, WHICH ORDER CREATED AND
PROMULGATED TEMPORARY SPECIAL RULES
AND REGULATIONS FOR THE EAST CATCLAW
DRAW-STRAWN GAS POOL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on August 28, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of September, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) By Order No. R-4405, dated September 27, 1972, the Division created, defined, and classified the East Catclaw Draw-Strawn Gas Pool, Eddy County, New Mexico, and Temporary Special Rules and Regulations were promulgated therefor, including a provision for 640-acre spacing and proration units.
- (3) Pursuant to the provisions of said Order No. R-4405, this case was reopened to allow the operators in the subject pool to appear and show cause why the East Catclaw Draw-Strawn Gas Pool should not be developed on 320-acre spacing and proration units.

(4) Since the inception of the East Catclaw Draw-Strawn Gas Pool only one well has produced from the pool, the Inexco Oil Company McMinn State Com Well No. 1 located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, which was also the discovery well for the subject pool.

(5) Said well produced from the Strawn formation between April, 1973 and November, 1975 and was plugged and abandoned in February, 1979.

(6) At the time of the hearing there were no appearances by interested or affected parties.

(7) It is not known at this time whether additional wells will be completed in the subject pool.

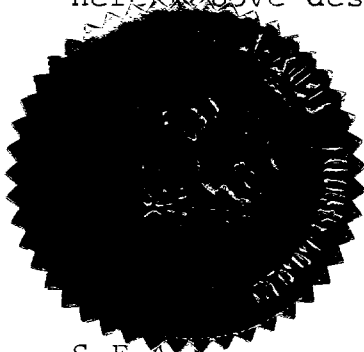
(8) In the absence of additional testimony showing why the East Catclaw Draw-Strawn Gas Pool should not be developed on 320-acre spacing and proration units, the Temporary Special Rules and Regulations promulgated by Division Order No. R-4405 should be rescinded and said pool should be governed by the Statewide Rules.

IT IS THEREFORE ORDERED THAT:

(1) The Temporary Special Rules and Regulations for the East Catclaw Draw-Strawn Gas Pool, promulgated by Division Order No. R-4405, dated September 27, 1972, are hereby rescinded and the pool is hereby placed under the Statewide Rules.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS
Director

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