

Dockets Nos. 22-76 and 23-76 are tentatively set for hearing on August 4 and August 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 21, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5715: Application of Marathon Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northeast Anderson Ranch Unit Area comprising 2,720 acres, more or less, of State lands in Township 15 South, Range 32 East, Lea County, New Mexico.

CASE 5716: Application of Atlantic Richfield Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 33, Township 17 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of said 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5717: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Petroleum Development Corporation, Commercial Union Assurance Companies, and all other interested parties to appear and show cause why the Vaughn State Well No. 1, located in Unit E of Section 16, Township 6 North, Range 17 East, Guadalupe County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5718: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Morad Oil & Mining Company, Western Surety Company, and all other interested parties to appear and show cause why the Campbell Well No. 1, located in Unit A of Section 25, Township 28 North, Range 35 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 5721: Application of H & S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson-Queen Grayburg Pool, Eddy County, New Mexico.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 5724: Application of Yates Petroleum Corporation 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 purposes of treating and reclaiming sediment oil at a site in the SE/4 of Section 25, Township 17 South, Range 25 East, Eddy County, New Mexico.

CASE 5725: Application of General American Oil Company for extension of time for temporary abandonment, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks extension of time for temporary abandonment of certain wells in Eddy County, New Mexico, said wells being described as follows:

Township 16 South, Range 29 East:

Brewer Nos. 19 and 28 in Section 12; Brewer Nos. 11, 12, 14, 24, and 25 in Section 13; Brewer Nos. 3, 4, 5, 17, 18, 20, 21, 23, and 27 and Bosworth Nos. 1, 2, 3, and 4 in Section 14; and Nunlee Nos. 4, 5, and 6 in Section 35.

Township 16 South, Range 30 East:

Sivley No. 3 in Section 8.

Township 17 South, Range 29 East:

Keely "C" Nos. 10, 12, 18, 20, 25, and 37 in Section 25; Keely "B" No. 15 in Section 26; Green "A" Nos. 1 and 4 in Section 29; State B4108 No. 1 in Section 32; and State B1778 Nos. 1 and 3 and State B4458 No. 2 in Section 36.

Township 17 South, Range 30 East:

Burch "A" Nos. 23 and 24 in Section 19; Dexter "E" No. 2 in Section 20; Parke "E" No. 2 in Section 22; Grayburg D. U. No. 5 in Section 25; Maddren "B" Nos. 6 and 9 in Section 27; Beeson "F" No. 9 in Section 29; Grayburg D. U. Nos. 4 and 6 in Section 30; Beeson "F" Nos. 1, 3, 4, 5, 6, 12, 13, 14, and 16 in Section 31; and Arnold "D" Nos. 8 and 9 in Section 34.

Three of the above wells are undesignated and the others are variously located in the High Lonesome, West Square Lake, Grayburg Jackson, Loco Hills, and West Henshaw Premier Pools.

CASE 5695: (Continued from June 23, 1976, Examiner Hearing)

Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

Dockets Nos. 5-77 and 6-77 are tentatively set for hearing on February 2 and February 16, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - JANUARY 17, 1977

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

The following cases are continued from the December 1, 1976, Commission Hearing.

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H & S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H & S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

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

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 4-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 19, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for February, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5836: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit James W. Strawn, American Employers Insurance Company, and all other interested parties to appear and show cause why the Horton Well No. 1 located in Unit A of Section 32, Township 11 North, Range 7 East, Santa Fe County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5810: Continued from November 23, 1976, Examiner Hearing

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.

CASE 5837: Application of TransOcean Oil, Inc., for a unit agreement, Catron County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Omega Unit Area comprising 35,196 acres, more or less, of State, Federal, and fee lands in Townships 2, 3, and 4 North, Range 14 West, Catron County, New Mexico.

CASE 5838: Application of TransOcean Oil, Inc. for a unit agreement, Catron County, New Mexico. Applicant, in the above-styled cause, seeks approval of the French Unit Area comprising 34,542 acres, more or less, of State, Federal, and fee lands in Townships 1 and 2 North, Ranges 16, 17, and 18 West, Catron County, New Mexico.

CASE 5839: Application of TransOcean Oil, Inc. for a unit agreement, Catron County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Remuda Unit Area comprising 34,504 acres, more or less, of State, Federal, and fee lands in Townships 2 and 3 North, Ranges 9 and 10 West, Catron County, New Mexico.

CASE 5840: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 25,800 barrels of oil discovery allowable to the discovery well, being applicant's Federal 15 Well No. 1 located in Unit F of Section 15, Township 19 North, Range 5 West, McKinley County, New Mexico.

CASE 5048: (Reopened)

In the matter of Case 5048 being reopened pursuant to the provisions of Order No. R-4637-A, which order extended the temporary special pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5599: (Reopened)

In the matter of Case 5599 being reopened pursuant to the provisions of Order No. R-5142 which order established temporary special pool rules for the Twin Lakes-Devonian Pool, Chaves County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units and why the limiting gas-oil ratio should not revert to 2,000 to 1.

CASE 5841: Application of Bettis, Boyle & Stovall for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian formation underlying the E/2 NE/4 of Section 34, Township 12 South, Range 37 East, Southwest Gladiola-Devonian Pool, Lea County, New Mexico, to be dedicated to the Lowe Well No. 1 located in Unit A of said Section 34. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in recompletion of said well.

CASE 5842: Application of Hanagan Petroleum Corporation for an exception to the provisions of Order No. R-1670, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 15(B) of the Southeast Gas Proration Rules contained in Order No. R-1670, as amended, to permit its Catclaw Draw Unit Well No. 9, located in Unit F of Section 35, Township 21 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to make up its overproduction at a rate less than complete shut-in.

Dockets Nos. 34-76 and 1-77 are tentatively set for hearing on December 15, 1976 and January 5, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - DECEMBER 1, 1976

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

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H&S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H&S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

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

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 34-76 and 1-77 are tentatively set for hearing on December 15, 1976 and January 5, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 23, 1976

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

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

CASE 5810: Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.

CASE 5811: Application of Coquina Oil Corporation for an offset allowable reduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a restricted allowable for the Monsanto Company Cerf Federal Com Well No. 2 for the Strawn and Morrow zones in said well, a dual completion located in Unit F of Section 10, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, on the grounds that a dry hole in both of said zones was previously drilled on the acreage assigned to the subject well.

CASE 5812: Application of Petroleum Development Corporation for an exception to Order No. R-3221, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its CleveRock-Pedco State Well No. 1, located in Unit I of Section 16, Township 19 South, Range 32 East, East Lusk-Bone Spring Field, Lea County, New Mexico.

CASE 5813: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the adoption of General Rules and Regulations governing all associated oil and gas pools of Southeast and Northwest New Mexico. Also to be considered will be the adoption of special rules for certain associated pools, including well location and acreage dedication requirements, classification of oil wells and gas wells, gas-oil ratio limitations, gas allocation, and well testing.

CASE 5814: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Lea and Eddy Counties, New Mexico:

a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Cedar Canyon-Delaware Pool. The discovery well is the Skelly Oil Company Cedar Canyon Well No. 1 located in Unit P of Section 9, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 9: SE/4

b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the West Corbin-Delaware Pool. The discovery well is the Aztec Oil and Gas Company West Corbin Well No. 2 located in Unit H of Section 18, Township 18 South, Range 33 East, NMPM. Said pool would comprise:

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

c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Elbow Canyon-Delaware Pool. The discovery well is the C & K Petroleum, Inc. Allied Chemical Federal Well No. 1 located in Unit E of Section 4, Township 24 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 4: NW/4

d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Grayburg-Atoka Gas Pool. The discovery well is the Depco Inc. Conoco State Com Well No. 1 located in Unit K of Section 15, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 15: W/2

e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cisco production and designated as the Vacuum-Cisco Pool. The discovery well is the Southern Union Supply Company Pennzoil State Well No. 1 located in Unit H of Section 18, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 18: NE/2

- f) EXTEND the Atoka-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 22: SE/4
Section 27: N/2 NW/4
Section 28: S/2 NE/4

- g) EXTEND the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 1: SE/4

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

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 19: SW/4
Section 30: NW/4

- i) EXTEND the South Carlsbad-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 20: NE/4 SW/4

- j) EXTEND the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 14: N/2 NE/4
Section 27: S/2 NE/4

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

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 20: SE/4

- l) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 1: N/2

- m) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 35: NW/4 SW/4

- n) EXTEND the Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

- o) CONTRACT the vertical limits of the Kemnitz-Pennsylvanian Pool in Lea County, New Mexico, to the Cisco formation only, redesignating said pool the Kemnitz-Cisco Pool and redefining said pool to comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 13: N/2 and SE/4

- p) EXTEND the vertical limits of the North Vacuum-Morrow Gas Pool in Lea County, New Mexico, to include the Atoka formation, redesignating said pool the North Vacuum-Atoka-Morrow Gas Pool. Also, extend said North Vacuum-Atoka-Morrow Gas Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 7: E/2
Section 8: W/2

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

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 35: All

I. GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED POOLS OF SOUTHEASTERN AND NORTHWESTERN NEW MEXICO (PROPOSED)

(See Special Pool Rules in each pool for orders applicable to those pools only. Special Pool Rules will be found in the same classification order as in the General Section, and, unless the special rules conflict with the general rule, the general rule is also applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1: Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2: After the effective date of this order each well drilled or recompleted on a standard proration unit within an associated pool regulated by this order shall be located as provided below:

OIL WELLS - SOUTHEAST NEW MEXICO

<u>Standard Proration Unit</u>	<u>Location Requirements</u>
40 Acres	Not closer than 330 feet to the boundary of the tract

80 and 160 acres	Must be located within 150 feet of the center of the quarter-quarter section wherein located
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GAS WELLS - SOUTHEAST NEW MEXICO

<u>Standard Proration Unit</u>	<u>Location Requirements</u>
160 acres	Must be located within 150 feet of the center of the quarter-quarter section wherein located.

320 acres	Not closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit.
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ALL WELLS - NORTHWEST NEW MEXICO

<u>Standard Proration Unit</u>	<u>Location Requirements</u>
40 Acres	Not closer than 330 feet to the boundary of the tract
80, 160 and 320 acres	Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 3: (a) Each gas well shall be located on a standard unit containing 160 acres or 320 acres, more or less, as provided in the special pool rules therefor.

(b) Each oil well shall be located on a standard unit containing 40 acres, 80 acres or 160 acres, more or less, as provided in the special pool rules therefor.

RULE 4: (a) The District Supervisor of the appropriate district office of the Commission shall have the authority to approve a non-standard unit as an exception to Rule 3(a) or 3(b) without notice and hearing when the nonstandard size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is not less than

75% nor more than 125% of a standard unit.

The District Supervisor of the appropriate district office of the Commission may approve the non-standard unit by:

(1) Accepting a plat showing the proposed non-standard unit and the acreage to be dedicated to the non-standard unit, and

(2) Assigning an allowable to the non-standard unit.

(b) The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3(a) or Rule 3(b), when the nonstandard size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard unit is less than 75% or more than 125% of a standard unit, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(2) The non-standard unit lies wholly within a governmental subdivision or subdivisions which would be a standard unit for the well (half quarter section, quarter section, or half section) but contains less acreage than a standard unit.

(3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half quarter section, quarter section or half section (for 80-acre, 160-acre, and 320-acre standard dedications respectively), in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(4) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the foresaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

B. WELL CLASSIFICATION AND GAS-OIL RATIO LIMITATION

RULE 5: A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6: That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced.

RULE 7: An oil well shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on an oil proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is a number equal to the number of acres in a standard oil proration unit in such pool. In the event there is more than one gas well on a gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

C. WELL TESTING

RULE 8: The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under

a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut-in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut-in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9: Semi-annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Commission. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Commission may grant an exception to the above test requirements where it is demonstrated that the well produces no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined heretofore, including notification to the Commission and offset operators.

RULE 10: An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

D. ASSIGNMENT OF ALLOWABLE

RULE 11: Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-102, C-104, C-116, and, in the case of a gas well, a transporter's notice of gas connection, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells not connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

E. GAS PRODUCTION

RULE 12: The associated gas production period shall be the production month which shall begin at 7 a.m. on the first day of the month and shall end at 7 a.m. on the first day of the next succeeding month.

RULE 13: No associated gas underproduction may be carried forward into any production month. (See ALTERNATIVE PROPOSED RULE 13 following Rule 21)

RULE 14: Any associated gas well which has an overproduced status at the end of any associated gas production period shall carry such overproduction into subsequent periods. If at any time a well is overproduced an amount equaling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 15: The allowable assigned to a well during any one month of an associated gas production period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 16: The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

F. REPORTING OF PRODUCTION

RULE 17: The monthly gas production from each gas well shall be reported separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 18: Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate production schedule.

G. GENERAL PROVISIONS

RULE 19: Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 20: All transporters or users of gas shall file gas well connection notices with the Commission as soon as possible after the date of connection.

RULE 21: Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

Alternative Proposed Rule 13

RULE 13: (a) Any associated gas well which has an underproduced status at the end of any associated gas production period, shall carry such underproduction into subsequent periods.

(b) Underproduction in excess of three times the current monthly allowable shall not be carried forward. For purposes of this Rule, the monthly allowable shall be the full monthly allowable which would be assigned an associated gas well with the same acreage dedication in the same pool.

(c) Overproduction during any month shall be applied to a well's cumulative underproduction, if any, calculated in accordance with paragraphs (a) and (b) above.

Please note, alternatives of 1, 2, and 3 times the current monthly allowable will be considered with Alternative Proposed Rule 13(b). Comments by interested operators or transporters are solicited.

It will be proposed to reclassify the Jennings-Delaware and the North Paduca-Delaware Pools from associated pools to oil pools.

It will further be proposed to reclassify the Northwest Todd-San Andres Pool from an associated pool to an oil pool; however, special pool rules providing for 80-acre oil well spacing will be retained.

Dockets Nos. 29-76 and 30-76 are tentatively set for hearing on October 27 and November 10, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 20, 1976

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

CASE 5719: Application of La Rue and Muncy for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Federal Wells Nos. 9 and 10, located in Units G and F, respectively, of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of La Rue and Muncy, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5720: Application of Harvey E. Yates for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his State Wells Nos. 1, 2, 3, 4, and 6 located in Units G, B, A, J, and H, respectively, of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Harvey E. Yates, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5721: Application of H&S Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its McClay Well No. 7, located in Unit C of Section 33, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of H&S Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5722: Application of Gene Snow for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from his Elk Well No. 1, located in Unit L of Section 32, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

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

CASE 5723: Application of Marbob Energy Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Elliott Well No. 1 located in Unit E of Section 28, and its Elliott Wells Nos. 2 and 3 located in Units H and G, respectively, of Section 29, all in Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

Upon application of Marbob Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.