

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5777
Order No. R-5316

NOMENCLATURE

APPLICATION OF GIFFORD & MITCHELL AND
M. B. WISENBAKER FOR POOL CREATION,
POOL RULES, AND A NON-STANDARD GAS
SPACING UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of November, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Gifford & Mitchell and M. B. Wisenbaker, seeks the creation of a new gas pool for Pennsylvanian production in Lea County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing and proration units.
- (3) That said pool offsets a commercial gas pool for Pennsylvanian production which applicant has discovered by a well drilled in Section 13, Public School Land Block C-23, Winkler County, Texas.
- (4) That the Texas Railroad Commission has adopted rules for the aforesaid pool providing for 640-acre spacing and proration units.
- (5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect

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correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Horse Back-Pennsylvanian Gas Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(8) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Horse Back-Pennsylvanian Gas Pool, at which time the operators in the subject pool should appear and show cause why the Horse Back-Pennsylvanian Gas Pool should not be developed on 320-acre spacing units.

(9) That the first operator to obtain a pipeline connection for a well in the Horse Back-Pennsylvanian Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

(10) That applicant further seeks approval for a 589.52-acre non-standard gas spacing and proration unit comprising all of partial Sections 33 and 34, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to applicant's Horse Back Well No. 1, located 1000 feet from the South line and 1980 feet from the East line of said Section 33.

(11) That approval of said non-standard unit will not impair correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Pennsylvanian production, is hereby created and designated the Horse Back-Pennsylvanian Gas Pool, comprising the following described area:

LEA COUNTY, NEW MEXICO
TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Sections 33 and 34: All

(2) That temporary Special Rules and Regulations for the Horse Back-Pennsylvanian Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
HORSE BACK-PENNSYLVANIAN GAS POOL

RULE 1. Each well completed or recompleted in the Horse Back-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid 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.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Horse Back-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing well in the Horse Back-Pennsylvanian Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Horse Back-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Horse Back-Pennsylvanian Gas Pool, at which time the operators in the subject pool may appear and show cause why the Horse Back-Pennsylvanian Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Horse Back-Pennsylvanian Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

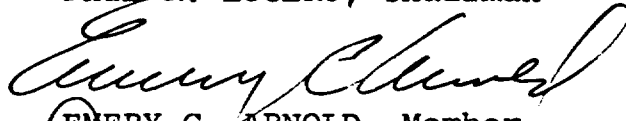
(5) That a 589.52-acre non-standard gas spacing and proration unit comprising all of partial Sections 33 and 34, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby approved, said unit to be dedicated to applicant's Horse Back Well No. 1, located 1000 feet from the South line and 1980 feet from the East line of said Section 33.

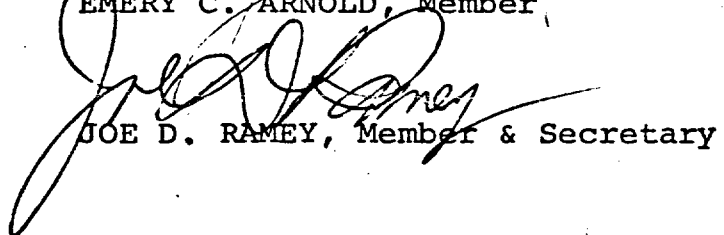
(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

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 Bluit-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 Matrix 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

ets Nos. 33-85 and 34-85 are tentatively set for November 6 and November 21, 1985. Applications for hearing
be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 23, 1985

8:00 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

the following cases will be heard before Michael E. Stogner, Examiner or David Catanach, Alternate Examiner:

SE 5777: (Continued from August 28, 1985, Examiner Hearing)

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.

SE 8730: Application of Ray Westall for salt water disposal, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the perforated and open-hole interval from approximately 2420 feet to 2581 feet in the Texas Crude Oil Co. Tennessee Federal Well No. 1 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 21, Township 19 South, Range 31 East, North Hackberry Yates-Seven Rivers Pool.

SE 8731: Application of Amerada Hess Corporation for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the Wolfcamp through Atoka formations underlying the N/2 SE/4 of Section 10, Township 16 South, Range 37 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.

SE 8711: (Continued and Readvertised)

Application of Yates Petroleum Corporation for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the PreCambrian formation underlying the S/2 of Section 27, Township 2 South, 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.

SE 8719: (Continued and Readvertised)

Application of TXO Production 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 SE/4 NE/4 of Section 4, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing unit, to be dedicated to a well to be drilled at a standard location thereon. IN THE ALTERNATIVE, the applicant seeks an order pooling all mineral interests from the surface to the top of the Strawn formation underlying the SE/4 NE/4 of said Section 4, forming a standard 40-acre oil spacing unit and all mineral interests in the Strawn formation underlying the E/2 NE/4 of said Section 4, forming a standard 80-acre oil spacing unit, both units to be dedicated to a well to be drilled at a standard location thereon. Also to be considered, in either case, 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.

SE 8732: Application of Earle M. Craig, Jr. Corporation for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Phantom Draw-Wolfcamp Gas Pool underlying the S/2 of Section 18, Township 26 South, Range 31 East, to be dedicated to a well to be drilled at a previously approved unorthodox gas well location 660 feet from the South and East lines of said Section 18. 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 8733: Application of Earle M. Craig, Jr. Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Wolfcamp formation 1980 feet from the North line and 1580 feet from the East line of Section 25, Township 26 South, Range 30 East, a 320-acre standard gas spacing and proration unit consisting of the N/2 of said Section 25 to be dedicated to the well.
- CASE 8734: Application of Amoco Production Company for pool reclassification, pool extension, and special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Hogback-Pennsylvanian Gas Pool to an oil pool and the extension of the horizontal limits of the proposed Hogback-Pennsylvanian Oil Pool in portions of Sections 7, 8, 29, and 30, Township 29 North, Range 16 West, and Sections 12, 13, and 24, Township 29 North, Range 17 West. Applicant further seeks the promulgation of special pool rules therefor including a provision for 160-acre spacing units, designated well locations, exemption from a gas-oil ratio limitation factor, exception to Division General Rule 306 to allow the venting of casinghead gas, and the assignment of a special depth bracket allowable for each spacing unit within the pool.
- CASE 8712: (Continued from September 25, 1985, Examiner Hearing)
- Application Kimbell Oil Company of Texas for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Salazar Well No. 4-E located 1630 feet from the North line and 1460 feet from the West line (Unit F) of Section 34, Township 25 North, Range 6 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8735: Application of Southland Royalty Company 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 19 South, Range 28 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 8736: Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the N/2 of Section 13, Township 25 North, Range 2 West, Basin-Dakota Pool, 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 8737: Application of Southland Royalty Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying the SW/4 of Section 30, Township 15 South, Range 28 East, and all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of said Section 30, 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 8721: (Continued from October 9, 1985, Examiner Hearing)
- Application of Inexco Oil Company 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 Atoka formation underlying the W/2 NW/4 of Section 13, Township 17 South, Range 37 East, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre units, 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 8689: (Continued from September 25, 1985, Examiner Hearing)
- 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.

8722: (Continued from October 9, 1985, Examiner Hearing)

Application of Doyle Hartman 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 Jalmat Gas Pool underlying the SE/4 of Section 25 and the NE/4 NE/4 of Section 36, Township 24 South, Range 36 East, to be dedicated to a well to be drilled 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.

8738: Application of Chama Petroleum Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco formation in the perforated interval from 8023 feet to 8136 feet in its Lanning Well No. 1 located 1980 feet from the South and West lines (Unit G) of Section 4, Township 19 South, Range 26 East.

8739: Application of Chama Petroleum Company to rescind Division Order No. R-7637, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to rescind Division Order No. R-7637 which authorized the disposal of produced water into the "C" and "D" zones of the Cisco Canyon formation through the Dagger Draw Salt Water Disposal Well located 1495 feet from the North line and 225 feet from the West line of Section 22, Township 19 South, Range 25 East, Undesignated North Dagger Draw-Upper Pennsylvanian Pool, in which Anadarko Production Company is the operator.

8740: 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 Eddy and Chaves Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Hay Hollow - Bone Spring Pool. The discovery well is Woods & Locker Inc., Amoco Federal Well No. 1 located in Unit A of Section 26, Township 25 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 26: NE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Hay Hollow-Morrow Gas Pool. The discovery well is H.N.G. Oil Co., Hay Hollow 25 State No. 1 located in Unit G of Section 25, Township 25 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 25: N/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Hess - Morrow Gas Pool. The discovery well is Cities Service Co., Federal AC Well No. 1 located in Unit K of Section 35, Township 23 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM

Section 35: W/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Malaga - Bone Spring Pool. The discovery well is Maddox Energy Corp., Malaga Well No. 1 located in Unit G of Section 3, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 3: NE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Outpost - Delaware Pool. The discovery well is Sure Energy, Connie C Well No. 1 located in Unit G of Section 25, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 25: NE/4

- (f) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Penn production and designated as the Race Track - Penn Gas Pool. The discovery well is Tenneco Oil Co., Plains SL 19 Well No. 1 located in Unit B of Section 19, Township 10 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 19: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the San Lorenzo - Bone Spring Pool. The discovery well is MYCO Industries, Inc., State 15 Well No. 1 located in Unit L, of Section 15, Township 25 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 15: SW/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Northeast Sheep Draw - Strawn Gas Pool. The discovery well is Exxon Corp., Happy Valley Federal Com Well No. 1 located in Unit G of Section 28, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 28: N/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Turkey Track - Wolfcamp Pool. The discovery well is Tenneco Oil Co., State HL 2 Well No. 1-Y located in Unit F of Section 2, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 2: NW/4

- (j) EXTEND the Aid-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 13: W/2

- (k) EXTEND the Atoka-Glorieta/Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 23: N/2 SE/4 and NE/4

- (l) EXTEND the Brown-Queen/Grayburg Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 27: E/2

- (m) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 15: W/2

Section 22: W/2

- (n) EXTEND the East Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPPM

Section 8: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPPM

Section 10: S/2

- (p) EXTEND the Cass Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPPM

Section 34: W/2

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPPM

Section 3: All

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPPM

Section 2: All

- (r) EXTEND the Diamond Mound-Atoka/Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPPM

Section 31: W/2

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPPM

Section 17: S/2

Section 20: W/2

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPPM

Section 16: W/2

- (t) EXTEND the Grayburg-Upper Penn Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPPM

Section 27: E/2

Section 34: E/2

Section 35: NW/4

- (u) EXTEND the North Hackberry-Yates/Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPPM

Section 21: SE/4

- (v) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 19: SE/4, SW/4 NE/4, and N/2 NE/4

- (w) EXTEND the McMillan-Upper Penn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 7: S/2

- (x) EXTEND the Red Bluff-Delaware Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 28 EAST, NMPM

Section 11: N/2

- (y) EXTEND the Red Lake Ridge-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 16: S/2

Section 21: N/2

- (z) EXTEND the Richard Knob-Atoka/Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM

Section 33: E/2

- (aa) EXTEND the Round Tank-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 23: N/2

Section 24: NW/4

- (bb) EXTEND the Salt Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 2: W/2

Section 3: E/2

- (cc) EXTEND the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 24: W/2

Section 25: W/2

- (dd) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 12: A11

- (ee) EXTEND the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 35: N/2