

Dockets Nos. 23-92 and 24-92 are tentatively set for August 6, 1992 and August 20, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 23, 1992

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

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

CASE 10509: **Application of Barber Oil, Inc. for a unit agreement, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Barber Unit Agreement for an area comprising 2080.00 acres, more or less, of State, Federal and Fee lands within the Undesignated and designated Barber-Yates Pool in portions of Sections 16, 17, 18, 19, 20, 21 and 30, Township 20 South, Range 30 East, which is approximately 17.5 miles south of Loco Hills, New Mexico.

CASE 10329: **(Reopened)**

In the matter of Case 10329 being reopened pursuant to the provisions of Division Order No. R-9554, which order promulgated temporary special rules and regulations for the Cedar Lake-Strawn Pool in Eddy County, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements. Operators in said pool may appear and show cause why the temporary special rules and regulations for the Cedar Lake-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10486: **(Continued from June 25, 1992, Examiner Hearing.)**

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes all of Section 20, Township 30 North, Range 15 West, Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the SE/4 SW/4 (Unit N) of said Section 20. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 4.75 miles northwest by north of Fruitland, New Mexico.

CASE 10510: **Application of Meridian Oil Inc. for downhole commingling and for an administrative downhole commingling procedure within the Huerfano Sand Unit Area, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle gas production from the Undesignated Gallegos-Gallup Associated Pool and the Basin-Dakota Pool within the wellbore of its Huerfano Unit Well No. 131 located 800 feet from the North line and 990 feet from the West line (Unit D) of Section 34, Township 26 North, Range 10 West. The N/2 of said Section 34, forming a standard 320-acre spacing and proration unit for both zones, is to be dedicated to said well. Further, the applicant seeks the adoption of an administrative procedure for authorizing the downhole commingling of Gallup and Dakota production in the wellbores of existing and subsequently drilled wells within the Huerfano Unit Area located in portions of Townships 25, 26 and 27 North, Ranges 9, 10 and 11 West. Said unit is located approximately 15 miles northwest by north of Nageezi, New Mexico.

CASE 10511: **Application of Mitchell Energy Corporation for an unorthodox gas well location and for non-standard proration units, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill a well 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 18, Township 19 South, Range 32 East, to test for production in the Undesignated Lusk-Strawn Pool, the Undesignated Lusk-Atoka Gas Pool, and the Lusk-Morrow Gas Pool, said location being unorthodox for the Atoka and Morrow gas zones. The applicant further seeks approval to develop the Strawn interval on a non-standard 121.61-acre oil spacing and proration unit comprising Lots 1 and 2 (W/2 NW/4 equivalent) and the NE 4/ NW/4 of said Section 18 and to develop both the Atoka and Morrow interval on non-standard 281.61-acre gas spacing and proration units comprising Lots 1 and 2 (W/2 NW/4 equivalent), the NE/4 and NE/4 NW/4 of said Section 18. Said area is approximately 13.5 miles south by west of Maljamar, New Mexico.

CASE 10512: **Application of Phillips Petroleum Company for three unorthodox oil well locations, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks exception to RULE 4 of the Special Rules and Regulations for the Four Lakes-Pennsylvanian Pool, as promulgated by Division Order No. R-2326, for three unorthodox oil well locations each to be drilled within a fifty foot radius of the following described sites all within its South Four Lakes Unit which is located approximately 10 miles west-northwest of Tatum, New Mexico:

- 2200' FSL & 1980' FEL (Unit J) of Section 2, Township 12 South, Range 34 East, the 80 acres comprising the N/2 SE/4 is to be dedicated to said well;
- 1250' FSL & 2450' FWL (Unit N) of Section 35, Township 11 South, Range 34 East, the 80 acres comprising the E 2 SW/4 is to be dedicated to said well; and,
- 2200' FNL & 2150' FWL (Unit C) of Section 2, Township 12 South, Range 34 East, the 80.11 acres comprising Lot 2 and the SE/4 NW/4 is to be dedicated to said well.

CASE 10513: **Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico.** Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W 2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10514: **Application of Enron Oil and Gas 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 Morrow formation underlying the following described acreage in Section 1, Township 25 South, Range 33 East, and in the following manner: Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) forming a standard 319.64-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes, but is not necessarily limited to the Undesignated Vaca Draw-Wolfcamp Gas Pool, Undesignated West Pitchfork Ranch-Wolfcamp Gas Pool, Undesignated Pitchfork Ranch-Atoka Gas Pool, Undesignated West Pitchfork Ranch-Atoka Gas Pool, Undesignated Vaca Draw-Morrow Gas Pool and Undesignated Pitchfork Ranch-Morrow Gas Pool; and, the NW/4 forming a standard 159.73-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles west by north of Jal, New Mexico.

CASE 10515: **Application of Texaco Exploration and Production, Inc. for statutory unitization, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Vacuum-Glorieta Pool, underlying 2778.86 acres, more or less, of state and fee lands comprising portions of Townships 17 and 18 South, Ranges 34 and 35 East. Said unit is to be designated the Vacuum Glorieta West Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area surrounds Buckeye, New Mexico.

CASE 10516: **Application of Texaco Exploration and Production, Inc. for a waterflood project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Vacuum Glorieta West Unit Area (Division Case No. 10515) located in portions of Townships 17 and 18 South, Ranges 34 and 35 East, by the injection of water into the Vacuum-Glorieta Pool through one well to be converted from a producing oil well and fifty-nine proposed new injection wells to be drilled. Said project area surrounds Buckeye, New Mexico.

CASE 10507: (Continued from July 9, 1992, Examiner Hearing.)

Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



July 7, 1992

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mewbourne Oil Company
Box 7698
Tyler, Texas 75711

Gentlemen:

In accordance with the provisions of Division Order No. R-9554 entered on July 31, 1991, the Oil Conservation Division is reopening Case No. 10329 in order to give all operators in the Cedar Lake-Strawn Pool in Eddy County, New Mexico, the opportunity to appear and show cause why the temporary special pool rules for said pool should not be rescinded and said pool not be developed on 40-acre spacing units.

This case will be heard before an examiner on July 23, 1992, in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, at 8:15 a.m. A copy of the advertisement for this hearing is enclosed.

Sincerely,

Florene Davidson
OC Staff Specialist

enc.

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. KEBRIDE
STEVEN C. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWITT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW

KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
MACDONELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
KARA L. KELLOGG

BETTY H. LITTLE*
RUTH S. MUSGRAVE
ELLEN S. CASEY
S. BARRY PA SNEP
MARGARET CARTER JUDEWIG
STEPHEN M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLUTTER
JAMES A. GILLESPIE
GARY W. JAPSON
STEPHANIE LANDRY
JOHN P. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CAPTWRGHT*
LISA K. SMITH*
JAMES KENT SCHUSTER*
ROBERT H. BETHA*
BRADLEY W. HOWARD
CHARLES A. SUTTON*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH

*NOT LICENSED IN NEW MEXICO

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

July 10, 1992

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

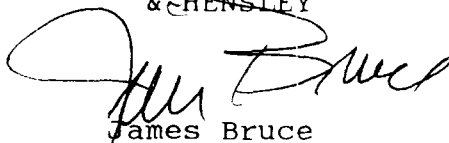
Re: Order No. R-9554

Dear Florene:

Enclosed is Mewbourne Oil Company's Application and Motion for Continuance in Case No. 10329 presently set for the July 23, 1992 hearing.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB:frs
Enclosure

RECEIVED
RECEIVED

JUL 10 1992
OIL CONSERVATION DIVISION
OIL CONSERVATION DIVISION

115.6

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-9554, EDDY
COUNTY, NEW MEXICO.

No. 10515

RECEIVED

APPLICATION AND MOTION
FOR CONTINUANCE

JUL 19 1992
OIL CONSERVATION DIVISION

Mewbourne Oil Company, for its application and motion, states:

1. Applicant owns working interests and operates wells in the Cedar Lake-Strawn Pool, or within one mile thereof.

2. The Cedar Lake-Strawn Pool was created by Division Order No. R-9545, and special pool rules (including 80 acre spacing) were instituted under Division Order No. R-9554 (Case No. 10329). Case No. 10329 (reopened) is scheduled for hearing on July 23, 1992.

3. Mewbourne seeks to amend Order No. R-9554 for wells completed in said pool, or for wells completed or recompleted as Strawn oil wells within one mile thereof, to provide for:

(a) 160 acre oil well spacing, with a standard unit consisting of a governmental quarter section;

(b) A gas:oil ration of 4000:1; and

(c) Well location requirements such that each well shall be located no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line, nor closer than 1,320 feet to the nearest well drilling or capable of producing from the Cedar Lake-Strawn Pool.

Applicant requests that all other pool rules be in conformance with Division statewide rules.

4. Mewbourne requests that this matter be heard at the August 6, 1992 hearing, and that Case No. 10329 (reopened) be continued until August 6, 1992 so that both cases may be heard together.

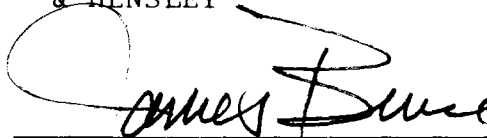
5. This application is in the interests of conservation and the prevention of waste.

WHEREFORE, Applicant requests that the relief requested above be granted.

DATED: July 10, 1992.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED

APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-9554, EDDY
COUNTY, NEW MEXICO.

JUL 16 1992

OIL CONSERVATION DIVISION

No. 10518

**APPLICATION AND MOTION
FOR CONTINUANCE**

Mewbourne Oil Company, for its application and motion, states:

1. Applicant owns working interests and operates wells in the Cedar Lake-Strawn Pool, or within one mile thereof.

2. The Cedar Lake-Strawn Pool was created by Division Order No. R-9545, and special pool rules (including 80 acre spacing) were instituted under Division Order No. R-9554 (Case No. 10329). Case No. 10329 (reopened) is scheduled for hearing on July 23, 1992.

3. Mewbourne seeks to amend Order No. R-9554 for wells completed in said pool, or for wells completed or recompleted as Strawn oil wells within one mile thereof, to provide for:

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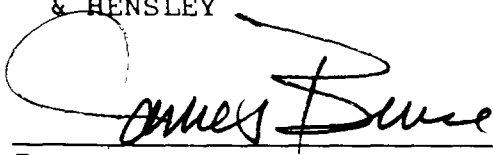
5. This application is in the interests of conservation and the prevention of waste.

WHEREFORE, Applicant requests that the relief requested above be granted.

DATED: July 10, 1992.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED**

APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-9554, EDDY
COUNTY, NEW MEXICO.

JUL 10 1992
OIL CONSERVATION DIVISION No. 10518

**APPLICATION AND MOTION
FOR CONTINUANCE**

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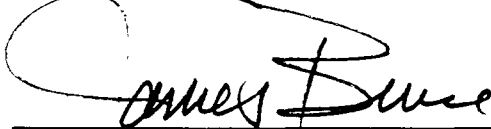
5. This application is in the interests of conservation and the prevention of waste.

WHEREFORE, Applicant requests that the relief requested above be granted.

DATED: July 10, 1992.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post/Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant