

CASE 10340: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox gas well location, and an exception to Division Order No. R-5459, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Chacra formation underlying the E/2 of Section 34, Township 30 North, Range 8 West, forming a 320-acre non-standard gas spacing and proration unit for the producing interval. The applicant purposes to drill from a tentative unorthodox surface well location 2040 feet from the North line and 2030 feet from the East line (Unit G) of said Section 34, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 1600 feet. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of said well's producing interval such that it can be no closer than 790 feet to the outer boundary of the aforementioned 320-acre non-standard gas spacing and proration unit. Also the applicant seeks an exception to the provisions of Division Order No. R-5459, as amended, to exclude the E/2 of said Section 34 from the vertical limits of the Blanco-Mesaverde Pool as defined by said Order. Said unit is located approximately 3.5 miles southwest of the Navajo Reservoir Dam.

CASE 10341: Application of Marathon Oil Company for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of authorizing a pressure maintenance project, all mineral interests in the Tamano-Bone Spring Pool underlying 880 acres, more or less, of Federal lands comprising the S/2 NE/4 and SE/4 of Section 10 and all of Section 11, Township 18 South, Range 31 East. Said Unit is to be designated the Tamano (BSSC) 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. Said Unit Area is located approximately 8.5 miles east-southeast of Loco Hills, New Mexico.

CASE 10342: Application of Marathon Oil Company for pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its proposed Tamano (BSSC) Unit Area comprising the S/2 NE/4 and SE/4 of Section 10 and all of Section 11, Township 18 South, Range 31 East, by the injection of water into the Tamano-Bone Spring Pool at a surface limitation pressure in excess of the Division's 0.2 psi guidelines but not in excess of 2300 psi surface pressure through the perforated interval from approximately 7950 feet to 8230 feet in 5 wells to be converted from producing oil wells to injection wells. Said project area is located approximately 8.5 miles east-southeast of Loco Hills, New Mexico.

CASE 10333: (Continued from June 13, 1991, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain existing pools in Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Baum-Wolfcamp Pool. The discovery well is the Petroleum Production Management Inc. State 19 Well No. 1 located in Unit I of Section 19, Township 13 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 19: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the North Bell Lake-Delaware Pool. The discovery well is the Ray Westall Federal 30 Well No. 1 located in Unit G of Section 30, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 30: NE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Diamondtail-Delaware Pool. The discovery well is the Strate Production Company Urraca Federal Well No. 1 located in Unit N of Section 11, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 11: SW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Blinebry production and designated as the House-Blinebry Pool. The discovery well is the Seay Exploration Inc. House Well No. 1 located in Unit D of Section 13, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 13: NW/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Seven Rivers production and designated as the West Pearl-Seven Rivers Pool. The discovery well is the Hondo Oil & Gas Company West Pearl Federal Well No. 1 located in Unit L of Section 27, Township 19 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 27: SW/4

- (f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the East Red Tank-Cisco Canyon Gas Pool. The discovery well is the Mercury Exploration Company Federal Well No. 1 located in Unit J of Section 15, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 15: S/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the North Young-San Andres Pool. The discovery well is the Meridian Oil Inc. Mitchell 16 State Well No. 3 located in Unit G of Section 16, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 16: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 31: E/2

Section 34: N/2

- (i) EXTEND the Brinninstool-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

Section 2: SW/4

Section 10: NE/4

Section 11: NW/4

- (j) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 36: SE/4

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 1: NE/4

- (k) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 5: S/2

Section 7: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 19: NW/4

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF MARATHON OIL COMPANY,
FOR STATUTORY UNITIZATION,
EDDY COUNTY, NEW MEXICO

CASE NO. 10341
(Consolidated)

APPLICATION OF MARATHON OIL COMPANY,
FOR A PRESSURE MAINTENANCE PROJECT,
EDDY COUNTY, NEW MEXICO

CASE NO. 10342
(Consolidated)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MARATHON OIL
COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT
(name, address, phone
and contact person)

ATTORNEY

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JUN 21 1991
OIL CONSERVATION DIV.
SANTA FE

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Marathon Oil Company seeks to institute a pressure maintenance project in the Tamano-Bone Springs Pool by the injection of water into the Second Bone Springs Carbonate around the perimeter of the productive limits this portion of the pool thereby increasing ultimate recovery by an estimated 2.26 million barrels of additional oil.

Marathon believes that statutory unitization of the project area is necessary in order to timely implement this project.

Marathon requests the approval of the Division to inject water into this project at an initial surface injection pressure not in excess of 2300 psi (0.2 psi gradient is 1,600 psi).

PROPOSED EVIDENCE

APPLICANT

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
Daniel D. Taimuty (PE)	1 Hour	C-108 Unit technical report Feasibility study Step-rate data
Greg A. Wilson (Geologist)	20 Min.	Isopachs Cross-sections Structure map
Randal P. Wilson (Landman)	15 Min.	Unit operating Agreement Unit Agreement Correspondence Tabulation of ownership and status of participation

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

KELLAHIN, KELLAHIN & AUBREY

By: 

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