

Dockets Nos. 3-92 and 4-92 are tentatively set for January 23, 1992 and February 6, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 9, 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 10432:** Application of the OCD on its own motion to consider the amendment of Division Order No. R-6388-A, special rules and procedures for tight formation designations under Section 107 of the Natural Gas Policy Act of 1978. The Division seeks to adopt an administrative procedure for reviewing such applications for tight formation designations and submitting its recommendations to the FERC. Also to be considered are minor changes and/or additions to meet certain FERC requirements for such procedure.

**CASE 10399:** (Continued from December 5, 1991, Examiner Hearing.)

Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, special project allowable and increase in gas-oil ratio, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by commencing its San Isidro Wash Well No. 1 at a standard surface oil well location tentatively selected in the NW/4 NW/4 (Unit D) of Section 21, Township 20 North, Range 3 West, drill vertically to a depth of approximately 3,000 feet, kick-off in a southeasterly direction, build angle up to approximately 80 degrees and then drill horizontally for approximately 4,000 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320-acre spacing unit or, in the alternative, the approval of all of Section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the assigned spacing unit. Said unit is located approximately 12 miles west-southwest of Cuba, New Mexico.

**CASE 10433:** Application of Geodyne Operating Company to amend Division Administrative Order No. SWD-449, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Administrative Order No. SWD-449, which order authorized the applicant to utilize the PFI Amoco "19" Federal Well No. 2 located 1687 feet from the South line and 2041 feet from the West line (Unit K) of Section 19, Township 22 South, Range 26 East, as a disposal well, injection to occur into the Delaware formation at approximately 2332 feet to 4538 feet, by contracting the injection interval to approximately 2332 feet to 2446 feet. Applicant further seeks the deletion of a provision within said order which required the applicant to perform remedial cement work on the Mitchell Energy Corporation McKittrick "30" Federal Well No. 1 located in Unit C of Section 30, Township 22 South, Range 26 East. Said well is located approximately 6.5 miles southwest of Carlsbad, New Mexico.

**CASE 10434:** Application of Hal J. Rasmussen Operating, Inc. for pool reclassification and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order reclassifying the Wilson Yates-Seven Rivers Pool, located in Township 21 South, Ranges 34 and 35 East, as an associated pool to be governed by the General Rules and Regulations for Associated Pools in Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended. Applicant further seeks special provisions to provide for 160-acre gas and 40-acre oil proration units, a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil, and any other provisions which may be applicable in this instance. Said pool is located approximately 15 miles west of Eunice, New Mexico.

**CASE 10422:** (Continued from December 19, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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. Said unit is located approximately 8.5 miles southwest by west of Dayton, New Mexico.

**CASE 10428: (Readvertised)**

**Application of ENRON Oil & Gas Company for designation of a tight formation, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Morrow formation underlying portions of Township 25 South, Ranges 33 and 34 East, containing 17,280 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located approximately 19 miles west northwest of Jal, New Mexico.

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 Eddy 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 Cedar Canyon-Bone Spring Pool. The discovery well is the Vision Energy, H.B. 3 Federal Well No. 1 located in Unit J of Section 3, Township 24 South, Range 29 East, NMPM.

**TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM**

Section 3: SE/4

In addition, a discovery allowable of 39,315 barrels of oil is hereby assigned to said discovery well to be produced over a period of 2 years.

- b. CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production and designated as the North Santo Nino-Upper Pennsylvanian Pool. The discovery well is the Myco Ind., Inc. East Turkey Track Fed. Com Well No. 1 located in Unit K of Section 23, Township 18 South, Range 29 East, NMPM.

**TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM**

Section 23: SW/4

- c. CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Tansill Dam-Atoka Gas Pool. The discovery well is the Bird Creek Resources Inc. Jarvis Mead Com. Well No. 1 located in Unit N of Section 5, Township 22 South, Range 27 East, NMPM.

**TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM**

Section 5: W/2

- d. EXTEND the Burton-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM**

Section 17: SW/4

- e. EXTEND the Crozier Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM**

Section 14: E/2

Section 23: N/2

Section 26: N/2

- f. EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM**

Section 35: W/2

**TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM**

Section 21: NE/4

- g. EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM**

Section 14: SE/4

*Dismiss*

- h. EXTEND the Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 25: E/2

- i. EXTEND the East Millman Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 17: SW/4

- j. EXTEND the Parkway-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM

Section 6: NW/4

- k. EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 21 EAST, NMPM

Section 27: SW/4

TOWNSHIP 6 SOUTH, RANGE 22 EAST, NMPM

Section 17: NE/4

- l. EXTEND the Salt Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 30: S/2

- m. EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 11: NE/4

**DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 16, 1992**  
**9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,**  
**SANTA FE, NEW MEXICO**

**CASE 10345:** (De Novo and continued from November 14, 1991, Commission Hearing.)

Application of BHP Petroleum (Americas) Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 23, Township 29 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its existing Gallegos Canyon Unit Well No. 390 located at a previously approved unorthodox coal gas well location 245 feet from the South line and 1530 feet from the West line (Unit N) of said Section 23. 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. Said unit is located at the southeast edge of Farmington, New Mexico. Upon application of Louise Locke d/b/a Locke-Taylor Drilling Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10346:** (De Novo and continued from November 14, 1991, Commission Hearing.)

Application of BHP Petroleum (Americas) Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 23, Township 29 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its existing Gallegos Canyon Unit Well No. 391 drilled at a standard located 975 feet from the North line and 870 feet from the East line (Unit A) of said Section 23. 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. Said unit is located at the southeast edge of Farmington, New Mexico. Upon application of Louise Locke d/b/a Locke-Taylor Drilling Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10436:** Application by the Oil Conservation Division for the expansion of the San Juan Basin "Vulnerable Area" which was established by OCC Order R-7940 in 1985. The expansion area includes all lands defined by a contour line which is fifty (50) vertical feet above and on both sides of the centerline of drainages into the San Juan, Animas and La Plata Rivers in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico. The application also requests amendments to OCC Order R-7940 and Order R-7940-A to prohibit all discharges to unlined pits, to require the registration of all pits outside the defined "Vulnerable Area" that receive more than five barrels per day, to establish a special protection area at Lindrieth, New Mexico and to provide a wellhead protection zone of 1000 feet surrounding all springs and fresh water wells.