

Dockets Nos. 12-92 and 13-92 are tentatively set for April 16, 1992 and April 30, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 2, 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 3344: (Reopened)

Application of Texaco Inc. for amendment of Division Order No. R-3007, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3007, dated December 3, 1965, which authorized its West Vacuum Unit Agreement covering 2000 acres, more or less, of state lands in portions of Townships 17 and 18 South, Range 34 East. The applicant at this time seeks to revise the definition of the "Unitized Formation" as originally incorporated in said agreement. Said unit is centered approximately 3 miles west southwest of Buckeye, New Mexico.

CASE 10445: (Readvertised)

Application of Western Reserves Oil Company Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.A.(2), pooling all mineral interests in the Undesignated Northwest Jenkins-San Andres Pool underlying the NE/4 NE/4 (Unit A) of Section 9, Township 9 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Midwest Oil Corporation James Petroleum "A" Well No. 1 located 660 feet from the North and East lines of said Section 9. The Division, upon review of this application, has determined that any such order issued should contain provisions for a 200 percent penalty to be assessed as a charge for the risk involved in re-entering and recompleting of the existing well, \$3,000.00 per month while re-entering/recompleting said well and \$300.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named the operator of said well and unit, which is located approximately 7.5 miles west-northwest of Crossroads, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10456: Application of Blackwood & Nichols Co. A Limited Partnership, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to drill its Northeast Blanco Unit Well No. 505 at an unorthodox coal gas well location 975 feet from the North line and 1935 feet from the West line (Unit C) of Section 21, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool, as a replacement well for the Northeast Blanco Unit Well No. 405, located at a standard coal gas well location in Unit M, in the existing 320-acre standard gas spacing unit comprising the W/2 of said Section 21. The proposed well site is located approximately 2 miles east of the Navajo Reservoir Dam.

CASE 10457: Application of Union Oil Company of California D/B/A UNOCAL, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Red Hills-Pennsylvanian Gas Pool, including a provision for 640-acre spacing units and designated well location requirements. Said pool comprises Sections 31, 32 and 33, Township 25 South, Range 33 East and Sections 4, 5, and 6, Township 26 South, Range 33 East and is located approximately 23 miles west of Jai, New Mexico.

CASE 9854: (Continued from February 20, 1992, Examiner Hearing.)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

CASE 10458: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

CASE 10454: (Continued from March 19, 1992, Examiner Hearing.)

Application of Southland Royalty Company for downhole commingling, unorthodox gas well location and to amend Division Administrative Order NWU-56, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas productions from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Cozzens Com Well No. 10 to be drilled at an unorthodox gas well location for both producing horizons 975 feet from the North line and 1785 feet from the West line (Unit C) of Section 19, Township 29 North, Range 11 West. Lots 1 and 2, the NE/4 and E/2 NW/4 (N/2 equivalent) of said Section 19 forming a standard 317.55-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-56, dated May 17, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NE/4 and E/2 NW/4 of said Section 19 is to be amended to show that the proposed Well No. 10 is to replace the existing Cozzens Well No. 2 located in Unit B as the unit's only producing well. Said area is located approximately 2 miles west of Bloomfield, New Mexico.

CASE 10455: (Continued from March 19, 1992, Examiner Hearing.)

Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order NWU-80, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Aztec Well No. 700 to be drilled at an unorthodox well location for both producing horizons 2280 feet from the South line and 1500 feet from the West line (Unit K) of Section 14, Township 28 North, Range 11 West. The S/2 of said Section 14 forming a standard 320-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-80, dated May 20, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NW/4 and N/2 SW/4 of said Section 14 is to be amended to show that the proposed Aztec Well No. 700 is to replace the existing Aztec Well No. 3 located in Unit E as the unit's only producing well. Said area is located approximately 4 miles south by east of Bloomfield, New Mexico.

CASE 10459: **Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the North line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

CASE 10460: **Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 3, to be located at a surface location at or around a point 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 3 (NW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.39-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line.

CASE 10461: **Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 2, to be located at a surface location at or around a point 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 4 (SW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.46-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line.

CASE 10462: Application of Marathon Oil Company for termination of oil prorationing in the Vacuum-Glorieta Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 505 for the Vacuum-Glorieta Pool, located in portions of Townships 17 and 18 South, Ranges 34 and 35 East, whereby the allowable for each well producing from said pool would equal its producing capability. Said pool is centered approximately 11 miles east of Buckeye, New Mexico.

CASE 10463: Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and Glorieta formations in the perforated interval from approximately 5805 feet to 5920 feet in its Red Hat State Unit Well No. 1 located 3300 feet from the South line and 1980 feet from the East line (Unit O) of Section 2, Township 16 South, Range 33 East, which is approximately 10.5 miles northeast of Maljamar, New Mexico.

CASE 10464: In the matter of the application of the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, San Juan and Sandoval Counties, New Mexico.

- (a) CONTRACT the Basin-Dakota Pool in San Juan County, New Mexico, by the deletion of the following described area:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 6: N/2

- (b) EXTEND the Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 6: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 1: All

- (c) EXTEND the Angel Peak-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
Section 4: S/2
Section 9: All
Section 10: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 30: SE/4
Section 31: E/2

- (d) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM
Section 3: SE/4
Section 9: S/2
Section 10: E/2 NW/4, SW/4, and NE/4

- (e) EXTEND the Gallegos-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
Section 16: W/2
Section 17: NE/4
Section 18: N/2
Sections 19 and 20: All
Sections 29 and 30: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 13: N/2
Section 25: N/2

- (f) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
Section 36: SW/4

- (g) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 6: W/2

- (h) EXTEND the Navajo City-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 34: E/2

DOCKET 11-92

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

The Land Commissioner's designee for this hearing will be Jami Bailey)

CASE 10436: (Continued from January 16, 1992, Commission Hearing.)

Application by the Oil Conservation Division for the expansion of the San Juan Basin "Vulnerable Area" which was established by OCC Order No. 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 Lindrith, New Mexico and to provide a wellhead protection zone of 1000 feet surrounding all springs and fresh water wells.