

ERNIE, BK  
GALLEGOS/GALLOP OIL POOL  
PRODUCTION IN GENERAL  
AREA, ~~TO~~ WOULD BE  
FIRST SWD (INJECTOR)  
IN POOL,

---

OCD - AZTEC

OBJECTING 10.21.92

(BS)

To Ben  
Date 10/20 Time 3:30

**WHILE YOU WERE OUT**

M. Ernie  
of Aztec

Phone \_\_\_\_\_  
Area Code Number Extension

TELEPHONED	PLEASE CALL	<input checked="" type="checkbox"/>
CALLED TO SEE YOU	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	URGENT	<input type="checkbox"/>
RETURNED YOUR CALL		<input type="checkbox"/>

Message 334 6178  
\_\_\_\_\_  
\_\_\_\_\_  
V.B.  
Operator

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE  
RECEIVED

C. CAPRUTHERS  
GOVERNOR

'92 OCT 26 AM 10 08

11XXO RIO HUAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-0170

Date: 10-21-92

*Attn: Ben Stone*

Oil Conservation Division  
P.O. Box 2000  
Santa Fe, NM 87504-2000

Re: Proposed HC \_\_\_\_\_  
Proposed DHC \_\_\_\_\_  
Proposed NSL \_\_\_\_\_  
Proposed SWD X \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed FMX \_\_\_\_\_

Gentlemen:

I have examined the application dated 10-19-92  
for the BK Petroleum Inc. Nelson #1  
Operator Lease & Well No.

A-8-26N-12W and my recommendations are as follows:  
Unit, S-T-R

Do not put for hearing

Yours truly,

*Frank B. Smith*

Dockets Nos. 40-92 and 41-92 are tentatively set for December 3, 1992 and December 17, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 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 Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

**CASE 10598:** Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location, in both the Undesignated Frontier Hills-Strawn Gas Pool and South Carlsbad-Morrow Gas Pool, 660 feet from the North and West lines (Unit D) of Section 28, Township 23 South, Range 26 East. The S/2 of said Section 28 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools. Said unit is located approximately 5 miles south-southwest of the Cavern City Airport in Carlsbad.

**CASE 10599:** Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 36, Township 17 South, Range 27 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Empire-Pennsylvanian Gas Pool, Undesignated Scoggin Draw-Atoka Gas Pool, and Undesignated North Illinois Camp-Morrow Gas Pool, and the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Logan Draw-Wolfcamp Gas Pool. Said units are to be dedicated to a single well to be drilled 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36, which is considered to be an unorthodox gas well location for those intervals developed on 320-acre spacing and a standard location for a 160-acre spacing unit. 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 area is located approximately 5 miles southeast of Riverside, New Mexico.

**CASE 10574:** (Continued from October 29, 1992, 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, at approximately 8,200 feet, underlying the following described acreage in Section 14, Township 20 South, Range 24 East, and in the following described manner: the N/2 to form a single standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the South Dagger Draw-Upper Pennsylvanian Associated Pool); the NE/4 and NW/4 to form two standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NW/4 NE/4 and SW/4 NW/4 to form two standard 40-acre oil spacing and proration units for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. The proposed 320-acre unit is to be dedicated to either a single well to be drilled at a standard location in Unit B or Unit E or to both wells to be simultaneously dedicated to the 320-acre unit. Further the 160-acre gas unit comprising the NE/4 and the 40-acre oil unit comprising the NW/4 NE/4 are to be dedicated to the proposed well to be drilled in Unit B. The 160-acre gas unit comprising the NW/4 and the 40-acre oil unit comprising the SW/4 NW/4 are to be dedicated to the proposed well to be drilled in Unit E. Also to be considered will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of each well and a charge for risk involved in drilling said well or wells. The subject area in this matter is located approximately 7.5 miles west by south of Seven Rivers, New Mexico.

**CASE 10600:** Application of BK Petroleum, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Gallegos Gallup Associated Pool through the perforated interval from approximately 4850 feet to 5028 feet in its Nelson Well No. 1 located 990 feet from the North line and 1090 feet from the East line (Unit A) of Section 8, Township 26 North, Range 12 West, which is approximately 16 miles south by east of Farmington, New Mexico.

**CASE 10601:** Application of Strata Production 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 Scanlon-Delaware Pool through the perforated interval from approximately 3274 feet to 3030 feet in its Doris Federal Well No. 2 located 1780 feet from the South line and 1980 feet from the East line (Unit J) of Section 26, Township 20 South, Range 28 East, which is approximately northeast by north of Carlsbad, New Mexico.

**CASE 10602:** Application of Chi Operating, Inc. 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 base of the San Andres formation underlying Lots 1 and 2, S/2 NW/4, SW/4 (W/2 equivalent) of Section 5, Township 8 South, Range 37 East, forming a 319.09-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently is applicable to only gas wells drilled in the Undesignated Bluit-San Andres Associated Pool. Said unit is to be dedicated to a 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile north of Bluit, New Mexico.

**CASE 10592: (Readvertised)**

Application of Collins & Ware, Inc. 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, at a depth of approximately 13,900 feet, underlying the following described acreage in Section 6, Township 20 South, Range 34 East, and in the following described manner: Lots 6 and 7, the E/2 SW/4 and SE/4 (S/2 equivalent) to form a standard 326.97-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian Gas Pool); Lots 6 and 7 and the E/2 SW/4 (SW/4 equivalent) to form a standard 160.97-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Apache Ridge-Bone Spring Pool). Said units are to be dedicated to a single well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of each well and a charge for risk involved in drilling said well or wells. The subject area in this matter is located approximately 14 miles west-southwest of Monument, New Mexico.

**CASE 10498: (Reopened. Continued from October 29, 1992, Examiner Hearing.)**

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690.

**CASE 10540: (Continued from October 29, 1992, Examiner Hearing.)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2480 feet from the South line and 915 feet from the West line (Unit J) of irregular Section 6, Township 27 North, Range 2 West, to test the Mancos formation. The NW/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 19 miles west of El Vado, New Mexico.

**CASE 10603:** Application of Conoco, 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 17, Township 30 North, Range 8 West, forming a standard 320-acre spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NE/4 of said Section 17. 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 2 miles west of the Navajo Lake State Park Airport.

**CASE 10604:** Application of Meridian Oil Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill a replacement coal gas well within an existing standard 315.76-acre gas spacing and proration unit comprising Lots 3 through 6, and 11 through 14 (W/2 equivalent) of Section 33, Township 31 North, Range 9 West, Basin Fruitland Coal Gas Pool, at an unorthodox coal gas well location within the NW/4 equivalent of said Section 33 that is no closer than 790 feet to any outer boundary of the proration unit nor closer than 130 feet to the quarter section line bisecting the unit nor closer than 10 feet to the subdivision inner boundaries within the NW/4 equivalent of said Section 33. Said unit is presently dedicated to the Johnston Federal Well No. 28 located at a standard coal gas well location 2255 feet from the South line and 1065 feet from the West line (Unit L) of said Section 33, which will either be plugged and abandoned or used as a pressure observation well after the replacement well is completed. Said unit is located approximately 8 miles southeast of Cedar Hill, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 3, 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 10569:** (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of Hallwood Petroleum 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 35, Township 32 South, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location in the NE/4 of said Section 35. 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 unit is located approximately 1.5 miles northeast of La Plata, New Mexico.

**CASE 10613:** Application of WJC Inc. 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 Bone Spring formations through an open hole interval at a depth of 5000 feet to 8360 feet, using its J.G. Cox Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 13, Township 17 South, Range 38 East. This location is approximately 1 mile east of Knowles, NM.

**CASE 10614:** Application of WJC Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above styled cause, seeks authority to dispose of produced salt water into the lower Devonian and Ellenberger formations through an open hole interval at a depth of 12,337 feet to 14,209 feet, using its D.F. Willhoit Well No. 2, located 660 feet from the South and West lines, (Unit M), Section 18, Township 17 South, Range 39 East. This location is approximately 2 miles east-southeast of Knowles, NM.

**CASE 10609:** (Continued from November 19, 1992, Examiner Hearing.)

Application of BK Petroleum, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Gallegos Gallup Associated Pool through the perforated interval from approximately 4850 feet to 5028 feet in its Nelson Well No. 1 located 990 feet from the North line and 1090 feet from the East line (Unit A) of Section 8, Township 26 North, Range 12 West, which is approximately 16 miles south by east of Farmington, New Mexico.

**CASE 10615:** Application of Pro New Mexico, Inc. for a non-standard gas proration unit or, in the alternative, for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool, as promulgated by Division Order No. R-8768, as amended, approving the creation of a non-standard 160-acre gas spacing and proration unit that incorporates the SW/4 of Section 5, Township 25 North, Range 11 West; OR, IN THE ALTERNATIVE, the applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5 forming a standard 320.48-acre gas spacing and proration unit for said pool. In either instance a well to be drilled at a standard coal gas well location 1845 feet from the South line and 1835 feet from the West line (Unit K) of said Section 5 is to be dedicated to the resulting gas spacing and proration unit. Also to be considered, if a compulsory pooling order is sought, 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. The area involved in this matter is located approximately 2 miles south-southwest of the Bureau of Indian Affairs Huerfano Community School.

**CASE 10108:** (Reopened) (Continued from November 5, 1992, Examiner Hearing.)

In the matter of Case 10108 being reopened pursuant to the provisions of Division Order No. R-5353-L, as amended, which order amended the special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County. Operators in said pool may appear and show cause why the amended temporary special rules and regulations for said South Dagger Draw-Upper Pennsylvanian Associated Pool should not be rescinded.

**CASE 10616:** Application of SG Interests I, Ltd. 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 S/2 of Section 20, Township 28 North, Range 8 West, forming a standard 320.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 9 miles southeast by east of Blanco, New Mexico.

**CASE 10607:** (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of SG Interests I, Ltd. for compulsory pooling and a non-standard gas proration unit, 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 Lots 1, 5, 6, 7, 8 and 9, the W/2 NE/4, E/2 NW/4, NE/4 SW/4 and NW/4 SE/4 (N/2 and N/2 S/2 equivalents) of Section 19, Township 29 North, Range 9 West, forming a non-standard 409.34-acre, more or less, gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 equivalent of said Section 19. 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 unit is located approximately 1 mile southeast of Blanco, New Mexico.

**CASE 10608:** (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of SG Interests I, Ltd. 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 28, Township 29 North, Range 10 West, forming a standard 320.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 28. 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 unit is located approximately 5 miles east by south of Bloomfield, New Mexico.

**CASE 10609:** (Continued from November 19, 1992, Examiner Hearing.)

Application of SG Interests I, Ltd. 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 N/2 of Section 24, Township 29 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its Archunde 29-10-24 Well No. 1 which was recently drilled at a previously approved unorthodox coal gas well location 1030 feet from the North line and 640 feet from the East line (Unit A) of said Section 24 (Division Administrative Order NSL-3173). 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 unit is located approximately one-half mile south of Blanco, New Mexico.

**CASE 10610:** (Continued from November 19, 1992, Examiner Hearing.)

Application of SG Interests I, Ltd. for compulsory pooling and an unorthodox coal gas well location, 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 S/2 of Section 21, Township 29 North, Range 10 West, forming a standard 320.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at an unorthodox coal gas well location 1165 feet from the South line and 645 feet from the West line (Unit M) of said Section 21. 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 unit is located approximately 5 miles east of Bloomfield, New Mexico.

**CASE 10577:** (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of SG Interests I, Ltd. 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 Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 29 North, Range 9 West, forming a standard 324.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 SW/4 (Unit G) of said Section 2. 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 unit is located approximately 1 mile east-northeast of Turley, New Mexico.