

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 4, 1993

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

Dockets Nos. 5-93 and 6-93 are tentatively set for February 18, 1993 and March 4, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10662: Application of Merit Energy Company for two unorthodox gas well locations, Chaves County, New Mexico. Applicant seeks approval for two unorthodox gas well locations in the South Pecos Slope-Abo Gas Pool. The NE/4 of Section 9, Township 9 South, Range 25 East, being a standard 160-acre gas spacing and proration unit, is to be dedicated to the Dana Federal Well No. 7 located 660 feet from the North line and 2310 feet from the East line (Unit B) of said Section 9 and Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 10 South, Range 26 East, being a 159.66-acre gas spacing and proration unit, are to be dedicated to the Penjack Federal Well No. 9 located 2310 feet from the North and East lines (Unit G) of said Section 6. Said pool is in an area located anywhere from 3 miles to 18 miles northeast of Roswell, New Mexico.
IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10651: (Continued from January 7, 1993, Examiner Hearing.)

Application of Pogo Producing Company for directional drilling and an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Mobil Federal Well No. 3 from a surface location 480 feet from the North line and 660 feet from the East line (Unit A) of Section 29, Township 23 South, Range 31 East, in such a manner as to bottom the well in the Brushy Canyon formation of the Delaware Mountain Group, at a standard location approximately 578 feet from the North line and 1870 feet from the East line (Unit B) of said Section 29. Further, applicant seeks approval for an unorthodox location in the Cherry Canyon formation of the Delaware Mountain Group, with the directional wellbore entering the Cherry Canyon formation at an unorthodox location 540 feet from the North line and 1405 feet from the East line, and exiting the Cherry Canyon formation at an orthodox location 571 feet from the North line and 1789 feet from the East line of said Section 29. The NW/4 NE/4 of said Section 29 will be dedicated to the well to form a standard 40-acre spacing and proration unit for said formations. This well is located approximately 9 miles east-southeast of the intersection of Highways 31 and 128.

CASE 10652: (Readvertised)

Application of Pogo Producing Company for directional drilling and an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Mobil Federal Well No. 8 from a surface location 330 feet from the South line and 1380 feet from the East line (Unit O) of Section 29, Township 23 South, Range 31 East, in such a manner as to bottom the well in the Brushy Canyon formation of the Delaware Mountain Group, at a standard location approximately 413 feet from the South line and 1897 feet from the East line (Unit O) of said Section 29. Applicant also seeks approval for unorthodox locations in the Bell Canyon and Cherry Canyon formations of the Delaware Mountain Group pursuant to the following proposed drilling programs: the directional wellbore will enter the Bell Canyon formation at an unorthodox location approximately 330 feet from the South line and 1381 feet from the East line, and exit the Bell Canyon formation at an unorthodox location approximately 353 feet from the South line and 1526 feet from the East line of said Section 29. The directional wellbore will enter the Cherry Canyon formation at an unorthodox location approximately 353 feet from the South line and 1526 feet from the East line, and exit the Cherry Canyon formation at an orthodox location approximately 402 feet from the South line and 1829 feet from the East line of said Section 29. The SW/4 SE/4 of said Section 29 will be dedicated to the well to form a standard 40-acre spacing and proration unit for said formations. This well is located approximately 9 miles east-southeast of the intersection of Highways 31 and 128.

CASE 10663: Application of Union Oil Company of California d/b/a Unocal for an administrative downhole commingling procedure within the Rincon Unit Area, Rio Arriba County, New Mexico. Applicant seeks approval to commingle gas production from the Blanco-Mesaverde Pool or the Largo-Gallup Pool or Undesignated Gallup production with production from the Basin-Dakota Pool in the wellbores of existing and subsequently drilled wells within the Rincon Unit Area located in portions of Township 26 and 27 North, Ranges 6 and 7 West. Said Unit is located approximately 24 miles southeast by east of Blanco, New Mexico.

CASE 10647: (Continued from January 7, 1993, Examiner Hearing.)

Application of Seely Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the EK-Yates-Seven Rivers-Queen Pool, underlying 1148.40 acres, more or less, of State land comprising portions of Township 18 South, Ranges 33 and 34 East, to be designated the Central EK Queen Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1, et seq., N.M.S.A. 1978, and other provisions of the unit agreement and unit operating agreement. Said unit area is located approximately 22 miles west of Hobbs, New Mexico.

CASE 10648: (Continued from January 7, 1993, Examiner Hearing.)

Application of Seely Oil Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project by injection of water into the Yates, Seven Rivers and Queen formations in its proposed EK Queen Unit Area (Division Case No. 10647) underlying portions of Township 18 South, Ranges 33 and 34 East. The applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 22 miles west of Hobbs, New Mexico.

CASE 10572: (Continued from January 21, 1993, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its W. H. Rhodes "B" Federal Waterflood Project, authorized by Division Order No. R-2748, by converting its W. H. Rhodes "B" Federal (NCT-1) Well No. 6 located 1980 feet from the South line and 660 feet from the East line (Unit I) and its W. H. Rhodes "B" Federal (NCT-1) Well No. 13 located 990 feet from the South line and 1650 feet from the East line (Unit O), both in Section 27, Township 26 South, Range 37 East, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10573: (Continued from January 21, 1993, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Rhodes Yates Unit Waterflood Project, authorized by Division Order No. R-3889, by converting its Rhodes Yates Unit Well No. 8 located 1875 feet from the North line and 765 feet from the West line (Unit E) and its Rhodes Yates Unit Well No. 13 located 660 feet from the South and West lines (Unit M), both in Section 27, Township 26 South, Range 37 East, Rhodes Yates Unit, Rhodes Yates-Seven Rivers Pool, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10664: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Cruz-Bone Spring Pool. The discovery well is the C. W. Trainer RL Well No. 1 located in Unit L of Section 16, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

Section 16: SW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Northeast Grama Ridge-Bone Spring Pool. The discovery well is the BTA Oil Producers N. M. BZ State 8817 JV-P Well No. 1 located in Unit N of Section 26, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM

Section 26: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Sand Dunes-Delaware Pool. The discovery well is the Texaco Exploration & Production Inc. SDE 18 Federal Well No. 1 located in Unit C of Section 18, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 18: NW/4

- (d) ASSIGN a bonus discovery allowable of 24,680 barrels of oil to the Meridian Oil Inc. Dagger Lake 5 State Well No. 1 located in Unit O of Section 5, Township 22 South, Range 33 East. This well produces from the Dagger Lake-Delaware Pool which was created by Division Order R-9792, effective December 1, 1992. Discovery allowable is to be retroactive to December 1, 1992.