

DOCKET: EXAMINER HEARING - THURSDAY - JULY 7, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 21-94 and 22-94 are tentatively set for July 21, 1994 and August 4, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10976: (Continued from June 23, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company 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 Morrow formation underlying the E/2 of Section 32, Township 17 South, Range 31 East, 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. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 1.5 miles southwest of the junction of U.S. Highway 82 and State Road 529.

CASE 10985: (Continued from June 9, 1994, Examiner Hearing.)

Application of Burk Royalty Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Hanson "C" (Federal) Lease comprising the SW/4 of Section 23, Township 20 South, Range 34 East, by the injection of water into the Yates interval of the Undesignated Lynch Yates-Seven Rivers Pool through perforations from approximately 3564 feet to 3585 feet in its existing Hanson "C" Well No. 4 located 1650 feet from the South and West lines (Unit K) of said Section 23. Said well is located approximately 11 miles east of the junction of U.S. Highway 62/180 and New Mexico State Highway No. 176.

CASE 11013: **Application of Baber Well Servicing Company for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval for its NM "BZ" State NCT-5 Well No. 5 drilled at an unorthodox oil well location 40 feet from the North line and 750 feet from the West line (Unit D) of Section 29, Township 21 South, Range 35 East, as an infill well on an existing 40-acre standard oil proration unit in the North San Simon-Yates Associated Pool, which is currently dedicated to the Pronghorn Management Corporation NM "BZ" State NCT-5 Well No. 1 located at a standard oil well location 660 feet from the North and West lines of said Section 29. Said unit is located approximately 8.5 miles west-southwest of Oil Center, New Mexico. FURTHER, a single operator for the subject 40-acre unit shall be designated by the applicant at the time of the hearing.

CASE 11014: **Application of Phillips Petroleum Company for a non-standard oil proration unit, an unorthodox oil well location, a high angle/horizontal directional drilling pilot project, special operating rules therefor, a special project oil allowable and production testing period, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks the formation of a non-standard 120-acre oil spacing and proration unit in the Cherry Canyon member of the Cabin Lake-Delaware Pool comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, Township 22 South, Range 30 East, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to commence drilling vertically at an unorthodox surface oil well location 1060 feet from the South line and 10 feet from the East line (Unit P) of said Section 11, kick-off at a depth of approximately 5100 feet in west-southwesterly direction, build angle to approximately 90 degrees, and continue to drill horizontally in the Cherry Canyon formation for approximately 2200 feet. Further, the applicant seeks the adoption of special operating provisions for said pilot project including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window no closer than 330 feet to the outer boundary of said proration unit, the assignment of an acreage factor of 3.0 to the proposed 120-acre unit, or three times the number of 40-acre tracts connected to form the project area, and an exception to Division General Rule 502 to establish a 12-month test period and an extended time to make up any accrued over production from said test period. Said project area is located approximately 4 miles east of International Minerals & Chemical Inc.'s potash mine and mill.

CASE 10996: (Continued from June 23, 1994, Examiner Hearing.)

Application of Anadarko Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 22, Township 18 South, Range 32 East, forming a standard 320-acre gas spacing and proration unit. Said unit is to be dedicated to its existing Querecho Plains Unit Well No. 1 which was drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of said Section 22. Also to be considered will be the valuation of the existing wellbore and the cost of recompleting 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 recompleting said well. Said unit is located approximately 8 miles south-southwest from Maljamar, New Mexico.

CASE 11002: (Readvertised)

Application of West Largo Corporation for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Rusty-Chacra Pool underlying the SW/4 of Section 4 and the NW/4 and SW/4 of Section 9, all in Township 21 North, Range 6 West, forming three standard 160-acre gas spacing and proration units for said pool. Each 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 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 the wells and a charge for risk involved in drilling and completing said wells. Said units are located approximately 9 miles south of Counselor, New Mexico.

CASE 10989: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location to be drilled 1600 feet from the North line and 1400 feet from the West line (Unit F) of irregular Section 7, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 7 are to be dedicated to said well forming a non-standard 297.68-acre gas spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10174: (Reopened)

In the matter of Case No. 10714 being reopened pursuant to the provisions of Division Order No. R-9902, which order approved the Ceja Pelon Unit in the Rio Puerco-Mancos Oil Pool, Sandoval County, and promulgated temporary special operating rules and regulations for said Ceja Pelon unit. The operator and all interest owners in said Unit may appear and show cause why the Special Operating Rules and Regulations should remain in effect.

CASE 11015: **Application of Armstrong Energy Corporation for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill its Mobil Lea State Well No. 6 at an unorthodox oil well location 2590 feet from the North line and 1980 feet from the West line (Unit F) of Section 2, Township 20 South, Range 34 East, as an infill well on an existing 40-acre oil spacing and proration unit in the Undesignated Northeast Lea-Delaware Pool, which is currently dedicated to its Mobil Lea State Well No. 5 located at a previously approved unorthodox oil well location (Division Order No. R-10077) 2440 feet from the North line and 870 feet from the West line of said Section 2. Said unit is located approximately 8 miles south of the old Hobbs Army Air Force Auxiliary Airfield No. 4.

CASE 11016: **Application of Texaco Exploration and Production Inc. for creation of a new pool in the Tubb formation, classification of this pool as an associated oil and gas pool and for the promulgation of special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool in the NW/4 of Section 9, Township 23 South, Range 37 East, to be classified as an "associated pool" and to adopt the "General Rules and Regulations for the Associated Oil and Gas Pools in Northwest and Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, as the governing procedures for said pool and to include provisions for 40-acre oil and 160-acre gas spacing and proration units. Further, the applicant requests an increased gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil for said pool. Said area is located approximately 8 miles south of Eunice, New Mexico.

CASE 10991: (Continued from June 9, 1994, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation, underlying the SE/4 of Section 20, Township 6 South, Range 26 East, 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 Pecos Slope Abo Gas 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 15 miles west-northwest of Elkins, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 9, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 19-94 and 20-94 are tentatively set for June 23, 1994 and July 7, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10972: (Continued from May 26, 1994, Examiner Hearing.)

Application of Giant Exploration & Production Company 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 26 North, Range 11 West, forming a standard 320-acre coal gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Buena Suerte 28-M Well No. 1 located at a standard coal gas well location 795 feet from the South line and 1210 feet from the West line (Unit M) 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 and completing said well. Said unit is overlain by the community of Huerfano.

CASE 10968: (Readvertised)

Application of Siete Oil and Gas Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Undesignated Willow Lake-Bone Spring Pool through the perforated interval from approximately 7300 feet to 7740 feet in its State "MA" Well No. 1 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 3, Township 25 South, Range 28 East, NMPM. This well is located approximately 4 miles south of Malaga, New Mexico.

CASE 10985: (This case will be continued to the July 7, 1994, Examiner Hearing.)

Application of Burk Royalty Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Hanson "C" (Federal) Lease comprising the SW/4 of Section 23, Township 20 South, Range 34 East, by the injection of water into the Yates interval of the Undesignated Lynch Yates-Seven Rivers Pool through perforations from approximately 3564 feet to 3585 feet in its existing Hanson "C" Well No. 4 located 1650 feet from the South and West lines (Unit K) of said Section 23. Said well is located approximately 11 miles east of the junction of U.S. Highway 62/180 and New Mexico State Highway No. 176.

CASE 10986: **Application of Santa Fe Energy Operating Partners, L.P. for pool contraction and expansion, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks to contract the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom Sections 4 through 8, Township 22 South, Range 24 East, NMPM, and Section 1, Township 22 South, Range 23 East, and the concomitant expansion of the boundaries for the Indian Basin-Upper Pennsylvanian Associated Pool to include said area. The subject acreage is centered approximately 4.5 miles southeast of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10987: **Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location to be drilled 660 feet from the South line and 1950 feet from the West line (Unit N) of Section 4, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. The S/2 of said Section 4 is to be dedicated to said well forming a non-standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 5 miles southeast of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10988: **Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location to be drilled 1562 feet from the North line and 1202 feet from the West line (Unit D) of Section 5, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 5 is to be dedicated to said well forming a non-standard 372.88-acre gas spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10977: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location to be drilled 660 feet from the North line and 1980 feet from the East line (Unit B) of irregular Section 7, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. The E/2 of said Section 7 is to be dedicated to said well forming a non-standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10989: **Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location to be drilled 1600 feet from the North line and 1650 feet from the West line (Unit F) of irregular Section 7, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 7 is to be dedicated to said well forming a non-standard 297.68-acre gas spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10976: (Continued from May 26, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company 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 Morrow formation underlying the E/2 of Section 32, Township 17 South, Range 31 East, 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. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 1.5 miles southwest of the junction of U.S. Highway 82 and State Road 529.

CASE 10839: (Continued from May 26, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J of said E/2 proration unit, 2050 feet from the South line and 1800 feet from the East line 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 and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10990: **Application of Amoco Production Company for exception to deliverability testing for certain wells in the South Blanco-Pictured Cliffs Pool, Rio Arriba, San Juan, and Sandoval Counties, New Mexico.** Applicant, in the above styled cause, seeks an exception to the deliverability testing requirements for certain wells in the South Blanco-Pictured Cliffs Pool, pursuant to RULE 9(c) of the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170-H, as amended. In accordance with said rules the applicant requests exceptions from deliverability testing requirements for its wells on marginal proration units in said pool which are not capable of producing the assigned 100 MCFPD minimum allowable.

CASE 10991: **Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation, underlying the SE/4 of Section 20, Township 6 South, Range 26 East, 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 Pecos Slope Abo Gas 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 15 miles west-northwest of Elkins, New Mexico.

CASE 10992: **Application of Forcenergy Gas Exploration, Inc. for compulsory pooling and an unorthodox gas well location, 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, underlying the E/2 of Section 14, Township 17 South, Range 35 East, 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 South Shoe Bar-Atoka Gas Pool and Undesignated South Shoe Bar-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 1600 feet from the South line and 1800 feet from the East line (Unit J) of said Section 14. 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 and completing said well. Said unit is located approximately 5 miles east-northeast of Buckeye, New Mexico.