

DOCKET: EXAMINER HEARING - THURSDAY - JULY 21, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 22-94 and 23-94 are tentatively set for August 4, 1994 and August 18, 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 11003: (Continued from June 23, 1994, Examiner Hearing.)

Application of Hal J. Rasmussen Operating, Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Farnsworth A Lease in Section 13, Township 26 South, Range 36 East, by the injection of water into the Seven Rivers formation, Scarborough Yates-Seven Rivers Pool, through its Farnsworth A Wells No. 1 and 2 located in Units A and P, respectively, of said Section 13. Said project is located approximately 4 miles south-southwest of Jal, New Mexico.

CASE 11019: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill a well at an unorthodox gas well location 330 feet from the South line and 950 feet from the West line (Lot 4-Unit M) of Irregular Section 7, Township 22 South, Range 31 East, to test the Undesignated Cabin Lake-Morrow Gas Pool. Lots 3 and 4, the E/2 SW/4 and the SE/4 (S/2 equivalent) of said Section 7 are to be dedicated to said well to form a 319.81-acre gas spacing and proration unit. Said unit is located approximately 19 miles northeast by east of Malaga, New Mexico.

CASE 11020: **Application of Paloma Resources, Inc. for simultaneous dedication of, in the alternative, pool creation, pool contraction and for two non-standard gas proration units, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C(2) as outlined in Division Memorandum dated August 30, 1990, to authorize the concurrent production of its Peery Federal Well No. 2, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 29, Township 15 South, Range 30 East, and its Peery Federal Well No. 3, located 1820 feet from the South line and 2140 feet from the West line (Unit K) of said Section 29 and the simultaneous dedication of said wells to a standard 320-acre gas spacing and proration unit comprising the S/2 of said Section 29 for production from the Little Lucky Lake-Morrow Gas Pool. **IN THE ALTERNATIVE**, the applicant seeks the contraction of the Little Lucky Lake-Morrow Gas Pool by deleting the SE/4 of said Section 29 from said pool and the concomitant creation of a new Morrow gas pool to comprise said acreage. Further, the applicant requests the formation of two non-standard 160-acre gas spacing and proration units for Morrow gas production from the SE/4 and SW/4 of said Section 29. Said area is located approximately 11.5 miles north by east of Loco Hills, New Mexico,

CASE 11021: **Application of Mewbourne Oil 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 22, Township 20 South, Range 25 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 Cemetery-Morrow Gas Pool or the Undesignated West Bubbling Springs-Morrow 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 5 miles south of Lakewood, New Mexico.

CASE 11022: **Application of Bass Enterprises Production Co., 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 S/2 of Section 12, Township 22 South, Range 30 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 Northeast Livingston Ridge-Atoka Gas Pool and Undesignated Cabin Lake-Morrow 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 6 miles east of the IMC Potash Mine and Mill.

CASE 10994: (Continued from June 23, 1994, Examiner Hearing.)

Application of Enserch Exploration, Inc. for the assignment at a special depth bracket oil allowable, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks a special depth bracket oil allowable, pursuant to General Rule 505(d), of 500 barrels of oil per day for the South Peterson-Fusselman Pool, which is located in portions of Townships 5 and 6 South, Ranges 32 and 33 East, being approximately 14 miles east of Kenna, New Mexico.

- CASE 11023:** **Application of AnSon Gas Corporation 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 Strawn formation, underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit is to be dedicated to the proposed Mary "33" Well No. 1 to be drilled at a standard oil 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 3 miles north-northwest of Knowles, New Mexico.
- CASE 11024:** **Application of AnSon Gas Corporation 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 Strawn formation, underlying the NE/4 SW/4 (Unit K) of Section 33, Township 16 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit is to be dedicated to the proposed Lawrence "33" Well No. 1 to be drilled at a standard oil 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 3 miles north-northwest of Knowles, New Mexico.
- CASE 11025:** **Application of AnSon Gas Corporation 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 Strawn formation, underlying the NW/4 SE/4 (Unit J) of Section 33, Township 16 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit is to be dedicated to the proposed Anderson "33" Well No. 1 to be drilled at a standard oil 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 3 miles north-northwest of Knowles, New Mexico.
- CASE 11026:** **Application of AnSon Gas Corporation 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 Strawn formation, underlying the NW/4 NE/4 (Unit B) of Section 8, Township 17 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit is to be dedicated to the proposed Schaap "8" Well No. 1 to be drilled at a standard oil 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 2.5 miles west-northwest of Knowles, New Mexico.
- CASE 11027:** **Application of Enron Oil & Gas Company for unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill a well at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, to test the Undesignated Red Hills-Bone Spring Pool. The W/2 SW/4 of said Section 7 is to be dedicated to said well forming a standard 80-acre spacing and proration unit for said pool. Said unit is located approximately 19 miles west by north of Jal, New Mexico.
- CASE 11028:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle South Blanco-Pictured Cliffs Pool gas production with Blanco-Mesaverde Pool gas production within the wellbore of its State Com Well No. 47, located 1760 feet from the South line and 835 feet from the West line (Unit L) of Section 2, Township 27 North, Range 8 West, which is located approximately 13 miles southeast by east of Blanco, New Mexico.
- CASE 11029:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Pictured Cliffs Pool gas production with Blanco-Mesaverde Pool gas production within the wellbore of its State Com "G" Well No. 2A, located 1650 feet from the South and East lines (Unit J) of Section 32, Township 29 North, Range 8 West, which is located approximately 8 miles east-southeast of Blanco, New Mexico.
- CASE 11030:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Pictured Cliffs Pool gas production with Blanco-Mesaverde Pool gas production within the wellbore of its State Com "R" Well No. 14, located 940 feet from the South line and 990 feet from the West line (Unit M) of Section 36, Township 30 North, Range 9 West, which is located approximately 6 miles east-northeast of Turley, New Mexico.

- CASE 11031:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Pictured Cliffs Pool gas production with Blanco-Mesaverde Pool gas production within the wellbore of its State Com "Q" Well No. 13A, located 1500 feet from the South line and 1450 feet from the East line (Unit J) of Section 36, Township 29 North, Range 8 West, which is located approximately 12 miles east by south of Blanco, New Mexico.
- CASE 11032:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Pictured Cliffs Pool, Blanco-Mesaverde Pool, and Glades-Fruitland Sand Pool gas production within the wellbore of its State Com "S" Well No. 15A, located 790 feet from the North line and 1150 feet from the West line (Unit D) of Section 36, Township 32 North, Range 12 West, which is located approximately 8 miles east by north of La Plata, New Mexico.
- CASE 11033:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Basin-Dakota Pool gas production with Glades-Fruitland Sand Pool gas production within the wellbore of its State Com "AJ" Well No. 34E, located 1185 feet from the South line and 1485 feet from the West line (Unit N) of Section 36, Township 32 North, Range 12 West, which is located approximately 8 miles east by north of La Plata, New Mexico.
- CASE 11034:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Basin-Dakota Pool gas production with Blanco-Mesaverde Pool gas production within the wellbore of its State Com "AK" Well No. 35, located 790 feet from the North line and 1700 feet from the East line (Unit B) of Section 36, Township 32 North, Range 12 West, which is located approximately 8 miles east by north of La Plata, New Mexico.
- CASE 11035:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Mesaverde Pool gas production with Otero-Chacra Pool gas production within the wellbore of its Graham "C-WN" Federal Well No. 1A, located 1050 feet from the South line and 1600 feet from the East line (Unit O) of Section 9, Township 27 North, Range 8 West, which is located approximately 12.5 miles southeast by south of Blanco, New Mexico.
- CASE 11036:** **Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Basin-Dakota Pool gas production with Blanco-Mesaverde Pool gas production within the wellbore of its Bruington Well No. 15E, located 1650 feet from the North line and 1740 feet from the West line (Unit F) of Section 15, Township 30 North, Range 11 West, which is located approximately 1 mile southeast of Aztec, New Mexico.
- CASE 11037:** **Application of Yates Energy Corporation for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill a well at an unorthodox gas well location 1680 feet from the South line and 330 feet from the West line (Lot 5-Unit L) of Irregular Section 12, Township 22 South, Range 25 East, to test the Undesignated Revelation Morrow Gas Pool. Lots 4, 5, 6 and 7 and the SE/4 (S/2 equivalent) of said Section 12 is to be dedicated to said well to form a non-standard 332.74-acre gas spacing and proration unit. Said unit is located approximately 7 miles west of Carlsbad, New Mexico.
- CASE 11038:** **Application of Meridian Oil Inc. for downhole commingling, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks exceptions from Division General Rule 303(C) to establish on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde and Gallup gas production in the wellbores of existing or future wells drilled anywhere within Sections 26 through 30, 33, 34 and S/2 of 35 in Township 26 North, Range 6 West, said production being portions of the Basin-Dakota Pool, the Blanco Mesaverde Pool and Undesignated Gallup production. The center of said area is located approximately 4 miles southeast of El Paso Natural Gas Company Largo Station, New Mexico.
- CASE 11039:** **Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Aztec-Pictured Cliffs Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its existing Fifield Well No. 2, located 1650 feet from the South line and 1090 feet from the East line (Unit I) Section 5, Township 29 North, Range 11 West. Said well is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a 305.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool comprising Lots 1 and 2, the S/2 NE/4 and SE/4 (E/2 equivalent) of said Section 5. Said well is located approximately 3.5 miles north northwest of Bloomfield, New Mexico.

CASE 11040: Application of Maralo Inc. for the creation of a new pool in the Bone Spring formation, classification of this pool as an associated oil and gas pool and for the promulgation of special pool rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool in the Bone Spring formation in the NE/4 of Section 32, Township 20 South, Range 28 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 80-acre oil and 160-acre gas spacing and proration units. Further, the applicant requests an increased gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil for said pool. Said area is located approximately 14 miles east southeast of Seven Rivers, New Mexico.

CASE 11041: Application of PG&E Resources Company for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Strawn formation comprising the S/2 SW/4 of Section 15, Township 16 South, Range 36 East, and the promulgation of special rules therefor including provisions for 80-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable for its Smith "15" Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 15. Said area is located approximately 2 miles south from the center of Lovington, New Mexico.

CASE 11042: Application of Meridian Oil Inc. for salt water disposal, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Jillison Federal SWD Well No. 1 in the SE/4 NW/4 (Unit F) of Section 8, Township 24 North, Range 3 West, for the purpose of disposing produced salt water into the Entrada formation through perforations from approximately 8441 feet to 8683 feet. Said location is approximately 6 miles west-northwest of Lindrieth, New Mexico.

CASE 11043: Application of J. K. Edwards Associates, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to utilize its Bengal "A" Well No. 1, located 1980 feet from the South and West lines (Unit K) of Section 1, Township 26 North, Range 12 West, to dispose of produced salt water into the Gallegos-Gallup Associated Pool through the perforated interval from approximately 4993 feet to 5174 feet. Said well is located approximately 16.5 miles southeast by east of Farmington, New Mexico.

CASE 11044: In the matter of the application of the Oil Conservation Division upon its own motion for an order creating and extending certain pools in Eddy County, 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 Corral Draw-Bone Spring Pool. The discovery well is the Pogo Producing Company H. Buck State Well No. 1 located in Unit J of Section 16, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 16: SE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Hackberry Hills-Atoka Gas Pool. The discovery well is the Mewbourne Oil Company Federal N Well No. 1 located in Unit M of Section 6, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 6: W/2

- (c) EXTEND the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 34: E/2

- (d) EXTEND the East Avalon-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 11: SW/4

- (e) EXTEND the North Black River-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 25: S/2

Section 26: SE/4

- (f) EXTEND the Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 27: S/2

- (g) EXTEND the South Burton-Yates Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 21: SE/4

- (h) EXTEND the South Carlsbad-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 16: S/2

Section 21: N/2

- (i) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 29: SE/4

- (j) EXTEND the South Golden Lane-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 16: SE/4

- (k) EXTEND the Happy Valley-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 34: W/2

- (l) EXTEND the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 2: E/2

- (m) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 3: NE/4

- (n) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 8: NE/4

Section 17: NW/4

- (o) EXTEND the Malaga-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 15: NW/4

Section 16: NE/4

- (p) EXTEND the Old Millman Ranch-Bone Spring Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 3: NE/4

- (q) EXTEND the South Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 7: NE/4

Section 8: NW/4

- (r) EXTEND the Willow Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 1: NE/4