

Dockets Nos. 7-89 and 8-89 are tentatively set for March 1 and March 15, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 15, 1989

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

The following cases will be heard before Victor T. Lyon, Examiner, or Michael E. Stogner, Alternate Examiner:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for March, 1989, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1989, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9600: Application of Arthur B. Ramsey d/b/a/ Ramsey Petroleum Company for a unit agreement, Hidalgo County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Playas Valley Unit Area comprising 9,760 acres, more or less, of State and Fee lands in Townships 26 and 27 South, Range 17 West. Said unit is located approximately 15 miles East of Animas, New Mexico.

CASE 9589: (Continued from February 1, 1989, Examiner Hearing.)

Application of Murphy Operating Corporation for expansion of unit area, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Haley Chaveroo San Andres Unit Area, authorized by Division Order No. R-8750, to include an additional 80 acres of State lands in Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Chaves County. Said unit area is located approximately 13 miles west of Milnesand, New Mexico.

CASE 9590: (Continued from February 1, 1989, Examiner Hearing.)

Application of Murphy Operating Corporation for area expansion of a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Haley Chaveroo San Andres Waterflood Project Area, authorized by Division Order No. R-8760, to include an additional 80 acres in Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Haley Chaveroo San Andres Unit Area. Said project area is located approximately 13 miles west of Milnesand, New Mexico.

CASE 9574: (Continued from February 1, 1989, Examiner Hearing.)

Application of Marshall Pipe & Supply for dual completion and salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Cook Well No. 1 located at a previously approved unorthodox gas well location (Order No. R-8618) 330 feet from the North line and 1980 feet from the East line (Unit B) of Section 34, Township 2 South, Range 29 East, by disposing of produced salt water down through tubing into the Undesignated Tule-Montoya Gas Pool in the perforated interval from 7104 feet to 7116 feet and continue producing gas from the Undesignated Tule-Pennsylvanian Gas Pool up the casing/tubing annulus. Said well is located approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9601: Application of Nearburg Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated West Four Mile Draw-Morrow Gas Pool underlying Lots 3 and 4, the E/2 SW/4, and the SE/4 of Section 7, Township 19 South, Range 26 East, forming a standard 315.51-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a previously approved unorthodox gas well location (Division Order No. R-8846), 1980 feet from the South line and 990 feet from the West line (Unit L) of said Section 7. 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 location is approximately 3.75 miles northwest of Lakewood, New Mexico.

CASE 9145: (Reopened)

In the matter of Case 9145 being reopened pursuant to the provisions of Division Order No. R-8497, which promulgated temporary special rules and regulations for the North Knowles-Devonian Pool, Lea County, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the North Knowles-Devonian Pool rules should not be rescinded.

CASE 9602: Application of BHP Petroleum, Inc. for special GOR, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of special pool rules for the East Avalon-Bone Spring Pool, establishing a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil. Said pool is located in portions of Townships 20 and 21 South, Ranges 27 and 28 East, which is approximately 9 miles northeast of Carlsbad, New Mexico.

CASE 9594: (Readvertised)

Application of Meridian Oil, 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 S/2 of Section 21, Township 30 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 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 operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.25 miles west of Archuleta, New Mexico.

CASE 9603: Application of BTA Oil Producers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2550 feet from the South line and 1650 feet from the West line (Unit K) of Section 25, Township 17 South, Range 31 East, Undesignated Pearsall-Abo Pool, the NE/4 SW/4 of said Section 25 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool. Said location is approximately 5 miles southwest of Maljamar, New Mexico.

CASE 9604: Application of Yates Petroleum Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 26, Township 18 South, Range 27 East, to test any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Undesignated Red Lake Atoka-Morrow Gas Pool, the N/2 of said Section 26 to be dedicated to the well. Said location is approximately 2 miles north-northwest of the old Illinois Camp.

CASE 9605: Application of Yates Petroleum 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 following described acreage in Section 2, Township 20 South, Range 24 East, and in the following described manner:

the NW/4 SE/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;

the SE/4 to form a standard 160-acre proration unit for any and all formations and/or pools developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and the Undesignated North Dagger Draw-Upper Pennsylvanian Pool); and,

the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, Undesignated Dagger Draw-Atoka Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, Undesignated Cemetery-Morrow Gas Pool, and the Undesignated Hoag Tank-Morrow Gas Pool).

All of the above-described 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 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 1.5 miles west of Seven Rivers, New Mexico.

CASE 9606: Application of Read & Stevens, Inc. for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the designated and Undesignated Bunker Hill-Penrose Associated Pool underlying 1360.00 acres, more or less, of State, Federal, and Fee lands in portions of Sections 13, 14, 23, and 24, Township 16 South, Range 31 East. Said unit is to be designated the Bunker Hill Unit Area. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any nonconsenting working owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is centered approximately 3.5 miles south-southwest of a point common to Eddy, Chaves, and Lea Counties, New Mexico.