

Dockets Nos. 13-89 and 14-89 are tentatively set for April 26 and May 10, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 12, 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 Michael E. Stoger, Examiner, or David R. Catanach, or Victor T. Lyon, Alternate Examiners:

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

**CASE 9610: (Continued from March 15, 1989, Examiner Hearing.)**

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Knights Bridge Petroleum Corporation and James Marchbanks and all other interested parties to appear and show cause why the Triple Crown Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 6, Township 9 North, Range 31 East, Quay County, New Mexico (being located approximately 7.75 miles northeast by north of Quay, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, the Division seeks an order directing the operator to pay the costs of such plugging and if the Operator fails to do so, ordering a forfeiture of the Operator's bond and authorizing the Director of the Division to make demand upon First National Bank of Tucumcari to pay to the Division so much of the funds of the certificate of deposit given as collateral for the bond as is necessary to pay the costs of plugging said well.

**CASE 9643:** Application of Steve Sell for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location 1400 feet from the South line and 1075 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East to a bottomhole location in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool within 50 feet of a point which is an unorthodox gas well location 1650 feet from the South line and 850 feet from the West line of said Section 35. All of said Section 35 to be dedicated to the well to form a standard 640-acre gas spacing and proration unit for said pool. This unit is located approximately 14 miles west of Carlsbad, New Mexico.

**CASE 9200: (Continued from March 29, 1989, Examiner Hearing.) (Reopened)**

In the matter of Case 9200 being reopened pursuant to the provisions of Division Order No. R-8518, which promulgated temporary special rules and regulations for the South Shoe Bar-Upper Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the South Shoe Bar-Upper Pennsylvanian Pool rules should not be rescinded.

**CASE 9644:** Application of Nearburg Producing Company for directional drilling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the UNC Texas, Inc. State "10" Well No. 1 from a surface location 660 feet from the North line and 1980 feet from the West line (Unit C), Section 10, Township 12 South, Range 38 East, and directionally drill as to test the Devonian formation (Undesignated Gladiola-Devonian Pool or Undesignated East Gladiola-Devonian Pool) to within 100 feet of an unorthodox bottomhole oil well location 1000 feet from the North line and 1100 feet from the West line (Unit D) of said Section 10. The NW/4 NW/4 of said Section 10 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit. Said well is located approximately 3.5 miles northwest by north of Bronco, Texas.

**CASE 9645:** Application of BP Exploration, 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 top of the Atoka formation underlying the SE/4 SW/4 of Section 30, Township 17 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing (which presently includes but is not necessarily limited to the Undesignated Hobbs Channel-Bone Spring Pool, Undesignated Hobbs Channel-San Andres Pool, and the Undesignated Hobbs Channel-Wolfcamp Pool). Said unit to be dedicated to a well 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 operator of the well and a charge for risk involved in drilling said well. Said location is approximately 1.5 miles east of Humble City, New Mexico.

CASE 9636: (Continued from March 29, 1989, Examiner Hearing.)

Application of Grand Resources Inc. for statutory unitization, San Juan 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 Mesa-Gallup Oil Pool underlying 4800.00 acres, more or less, of Navajo Indian lands in all or portions of Sections 10, 13, 14, 15, 23, 24 and 25, Township 32 North, Range 18 West and Section 30, Township 32 North, Range 17 West, all as projected into the unsurveyed Navajo Indian Reservation. Said unit is to be designated the Mesa-Gallup 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 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 interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 12 miles north of Shiprock, New Mexico.

CASE 9637: (Continued from March 29, 1989, Examiner Hearing.)

Application of Grand Resources Inc. for a waterflood project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the designated and Undesignated Mesa-Gallup Oil Pool in its proposed Mesa-Gallup Unit Area (Division Case No. 9636) underlying all or portions of Sections 10, 13, 14, 15, 23, 24 and 25, Township 32 North, Range 18 West and Section 30, Township 32 North, Range 17 West, all as projected into the unsurveyed Navajo Indian Reservation. Said area is located approximately 12 miles north of Shiprock, New Mexico.

CASE 9646: Application of Sun Exploration and Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Mobil "22" Federal Lease located in Section 22, Township 26, South, Range 29 East, by the injection of water into the Brushy Draw-Delaware Pool through its Mobil Federal "22" Well No. 5 located 990 feet from the South line and 2310 feet from the West line (Unit N) of said Section 22. Said well is located approximately 1.75 miles north of Mile Corner No. 53 plus 2640 feet on the Texas/New Mexico Stateline.

CASE 9647: Application of Parker & Parsley Petroleum Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle oil production from the Undesignated East Loving-Delaware Pool and the South Culebra Bluff-Bone Spring Pool within the wellbore of its Pardue Farms "27" Btry. 1 Well No. 4, located 660 feet from the South and East lines (Unit P) of Section 27, Township 23 South, Range 28 East. Said well is located approximately 2 miles southeast by east of Loving, New Mexico.

CASE 9648: Application of Meridian Oil, Inc. to amend Division Order No. R-8868, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8868 to include authorization for a non-standard coal gas well location for the subject well of said order to be drilled 2200 feet from the North line and 1360 feet from the East line (Unit G) of Section 36, Township 30 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, Lots 1, 2, 3 and 4 and the W/2 E/2 of said Section 36 to be dedicated to said well forming a non-standard 230.24-acre spacing and proration unit for said pool. Said location is approximately 5.5 miles northwest by north of Gobernador, New Mexico.

CASE 9649: 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 for an unorthodox coal gas well location 790 feet from the North line and 1,165 feet from the West line (Unit D) of Section 16, Township 30 North, Range 8 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 16 to be dedicated forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 4.25 miles west by north of the Navajo Reservoir Dam.

CASE 9572: (Continued from March 1, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 164.87-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2 and the E/2 NW/4 of Section 31, Township 28 North, Range 10 West. Said unit is to be dedicated to its Knauff Well No. 1 which is presently completed in the Kutz-Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768) 1015 feet from the North line and 1650 feet from the West line (Unit C) of said Section 31. This well is located approximately 6.5 miles south-southeast of Bloomfield, New Mexico.

Dockets Nos. 14-89 and 15-89 are tentatively set for May 10 and May 24, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 26, 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 David R. Catanach, Examiner, or Michael E. Stogner, or Victor T. Lyon, Alternate Examiners:

**CASE 9652:** Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West of Eden Unit Area comprising 8320.72 acres, more or less, of State and Federal lands in portions of Townships 7 and 8 South, Range 23 East. Said unit is located approximately 18 miles north-northwest of Roswell, New Mexico.

**CASE 9653:** Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Middle Creek State Unit Area comprising 14,920.73 acres, more or less, of State and Fee lands in a portion of Townships 8 and 9 South, Range 23 East. Said unit is located approximately 13 miles north-northwest of Roswell, New Mexico.

**CASE 9654:** Application of Yates Petroleum Corporation for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Todd Unit Area comprising 960 acres, more or less, of State and Federal lands in the E/2 of Section 17 and all of Section 18, Township 7 South, Range 35 East. Said unit is located approximately 5 miles north-northwest of Milnesand, New Mexico.

**CASE 9655:** Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Apple State Unit Area comprising 5,919.52 acres, more or less, of State and Fee lands in Townships 25 and 26 South, Range 28 East. Said unit is located approximately 14 miles south of Loving, New Mexico.

**CASE 9656:** Application of McClellan Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Roswell State Unit Area comprising 11,653.01 acres, more or less, of State lands in a portion of Township 9 South, Range 24 East. Said unit is located approximately 10 miles north of Roswell, New Mexico.

**CASE 9657:** 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 West Pecos Slope-Abo Gas Pool underlying the SW/4 of Section 28, Township 7 South, Range 23 East, forming a standard 160-acre oil and gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing. 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 location is approximately 3.5 miles west of Mile Post No. 130 on U.S. Highway 285 north of Roswell, New Mexico.

**CASE 9612: (Reopened and Readvertised)**

Application of Pennzoil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 21, Township 16 South, Range 37 East, Undesignated Northeast Lovington-Pennsylvanian Pool, the E/2 NE/4 of said Section 21 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 5.25 miles east-southeast of Lovington, New Mexico.

**CASE 9643: (Continued and Readvertised)**

Application of ~~Steve Sell~~ Steve Sell for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, in a northwesterly direction, to a depth sufficient to test the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool at an unorthodox gas well location in the NW/4 SW/4 which shall not be any closer to the South line of said Section 35 than 1600 feet nor any closer to the West line of said Section 35 than 800 feet. All of said Section 35 is to be dedicated to the well to form a standard 640-acre gas spacing and proration unit for both pools. This unit is located approximately 14 miles west of Carlsbad, New Mexico.

**CASE 9658:** Application of Parker & Parsley Petroleum Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Undesignated South Loving-Delaware Pool in the perforated interval from approximately 3,500 feet to 4,800 feet in its Pardue Farms 23-D Well No. 8 to be drilled 2,069 feet from the North line and 632 feet from the East line (Unit H) of Section 27, Township 23 South, Range 28 East. Said well is located approximately 2 miles southeast by east of Loving, New Mexico.

CASE 9638: (Continued and Readvertised)

Application of Meridian Oil, Inc. to amend Division Order No. R-8882, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8882 by changing the unorthodox coal gas well location approved in said Order for its Stanolind Gas Com Well No. 300 to a new location 790 feet from the North line and 1605 feet from the East line (Unit B) of Section 16, Township 30 North, Range 8 West. Said location is approximately 2.25 miles east-northeast of Archuleta, New Mexico.

CASE 9639: (Continued from March 29, 1989, Examiner Hearing.)

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 E/2 (equivalent) of Section 23, Township 31 North, Range 10 West, forming a standard 313.78-acre gas spacing and proration unit for said pool, to be dedicated to its Atlantic "D" Com Well No. 205 to be drilled at a standard coal gas well location in the NW/4 of said Section 23. 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 9 miles northeast of Aztec, New Mexico.

CASE 9640: (Continued from March 29, 1989, Examiner Hearing.)

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 E/2 (equivalent) of Section 21, Township 31 North, Range 10 West, forming a standard 310.38-acre gas spacing and proration unit for said pool, to be dedicated to its Lambe Com Well No. 200 to be drilled at a standard coal gas well location in the NE/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 location is approximately 7.5 miles northeast by east of Aztec, New Mexico.

CASE 9641: (Continued from March 29, 1989, Examiner Hearing.)

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 W/2 (equivalent) of Section 23, Township 31 North, Range 10 West, forming a standard 315.75-acre gas spacing and proration unit for said pool, to be dedicated to its Atlantic "B" Com Well No. 205 to be drilled at a standard coal gas well location in the SW/4 of said Section 23. 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 9 miles northeast of Aztec, New Mexico.

CASE 9648: (Continued from April 12, 1989, Examiner Hearing.)

Application of Meridian Oil, Inc. to amend Division Order No. R-8868, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8868 to include authorization for a non-standard coal gas well location for the subject well of said order to be drilled 2200 feet from the North line and 1360 feet from the East line (Unit G) of Section 36, Township 30 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, Lots 1, 2, 3 and 4 and the W/2 E/2 of said Section 36 to be dedicated to said well forming a non-standard 230.24-acre spacing and proration unit for said pool. Said location is approximately 5.5 miles northwest by north of Gobernador, New Mexico.

CASE 9649: (Continued from April 12, 1989, Examiner Hearing.)

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 for an unorthodox coal gas well location 790 feet from the North line and 1,165 feet from the West line (Unit D) of Section 16, Township 30 North, Range 8 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 16 to be dedicated forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 4.25 miles west by north of the Navajo Reservoir Dam.

CASE 9659: Application of Texaco Producing Inc. to amend Division Order No. R-8810, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-8810 by including authorization to surface commingle Northeast Lovington-Pennsylvanian Pool production with production from the Lovington Grayburg-San Andres Pool and the Lovington-Abo Pool, all from the State "P" Lease located in Section 32, Township 16 South, Range 37 East, into a common tank battery. Said lease is located approximately 7 miles north-northwest of Humble City, New Mexico.