

Dockets Nos. 34-89 and 35-89 are tentatively set for November 29 and December 13, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for January 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 9798:** (Continued from November 1, 1989, Examiner Hearing.)

Application of El Paso Natural Gas Company for amendment of Division Order No. R-6175, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6175, which order authorized the Washington Ranch Gas Storage Project, by allowing the measurement of the total volume of input gas into the storage area through a single meter and to meter only the total volume of gas being withdrawn from the storage area through a second single meter. Said project area is located in an area 5 miles south of the Carlsbad Caverns National Park.

**CASE 9800:** (Continued from November 1, 1989, Examiner Hearing.)

Application of W. E. Jeffers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for a well to be drilled 2310 feet from the South line and 2452 feet from the West line (Unit K) of Section 2, Township 18 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, the NE/4 SW/4 of said Section 2 to be dedicated to said well and the existing Featherstone State Well No. 4 located at a standard oil well location 1650 feet from the South and West lines of said Section 2. Said unit is located approximately 2 miles southeast of the junction of U.S. Highway 82 and N.M. State Highway No. 360.

**CASE 9788:** (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation 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 of 563 feet from the South line and 2125 feet from the East line (Unit Q) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

**CASE 9811:** Application of Southland Royalty Company for seven non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to establish seven non-standard gas spacing and proration units for Basin-Fruitland Coal Gas Pool production in the northern tier of Sections, being Sections 7 through 12, of Township 32 North, Range 8 West. Said area is bounded on the north by the Colorado/New Mexico stateline between Mile Post Nos. 252 and 258.

**CASE 9812:** Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 479 to be drilled 1310 feet from the South line and 2300 feet from the West line (Unit N) of Section 29, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 7 miles east by south of the Navajo Reservoir Dam.

**CASE 9813:** Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

**CASE 9801:** (Continued from November 1, 1989, Examiner Hearing.)

Application of Conoco, Inc. 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 Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 15 miles west by south of Lakewood, New Mexico.

CASE 9808: (Continued from November 1, 1989, Examiner Hearing.)

Application of TXO Production Corporation for compulsory pooling, directional drilling, and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated East Burton Flat-Strawn Gas Pool underlying the W/2 of Section 14, Township 20 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be directionally drilled from a surface location 900 feet from the South line and 1815 feet from the West line (Unit M) of Section 11, Township 20 South, Range 29 East, to a non-standard bottomhole gas well location within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit C) 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 operator of the well and a charge for risk involved in drilling said well. Said location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9814: Application of Mewbourne Oil 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 South and West lines. (Unit M) of Section 14, Township 17 South, Range 26 East, Undesignated Kennedy Farms-Morrow Gas Pool, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. The proposed well site is located approximately 3 miles east-southeast of Artesia, New Mexico.

CASE 9815: Application of Santa Fe Energy Operating Partners, L.P., 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 Morrow formation underlying the W/2 of Section 16, Township 21 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, which presently includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool and Undesignated South Osudo-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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 13 miles west by north of Eunice, New Mexico.

CASE 9816: Application of Santa Fe Energy Operating Partners, L.P., 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 W/2 of Section 32, Township 23 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Undesignated Laguna Salado-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated Laguna Grande-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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile northeast of Harroun, New Mexico.

CASE 9796: (Continued from November 1, 1989, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. 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 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 22. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/180.

CASE 9789: (Continued from November 1, 1989, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for pool creation and special pool rules, or in the alternative for pool extension, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Mancos formation comprising all of Section 15, Township 23 North, Range 1 West, and for the promulgation of special rules and regulations therefor including provisions for 640-acre spacing and proration units, designated well location requirements, and the assignment of a special depth bracket allowable. IN THE ALTERNATIVE, the applicant seeks to extend the West Puerto Chiquito-Mancos Oil Pool to include all of Sections 3, 10 and 15, Township 23 North, Range 1 West. Applicant further requests that the effective date of any order issued in this case be the date of this hearing. Said area is located approximately 3 miles north-northeast of Regina, New Mexico.

CASE 9817: Application of Tom Brown, Inc. for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Peregrine State "36" Well No. 1 to be drilled either 1310 or 1330 feet from the North line and either 1310 or 1330 feet from the East line of Irregular Section 36, Township 26 South, Range 34 East, to a depth sufficient to test the Atoka formation, all said Section 36 to be dedicated to said well forming a non-standard 299.28-acre gas spacing and proration unit for said zone. Said unit is bounded to the south by the Texas/New Mexico stateline at Mile Corner No. 21.

CASE 9818: Application of Blackwood & Nichols Co., Ltd. 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 for its Northeast Blanco Unit Well No. 440 to be drilled 530 feet from the North line and 2135 feet from the East line (Unit B) of Section 11, Township 31 North, Range 7 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 11 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well location is approximately 5.5 miles south of Mile Post No. 247.5 located on the New Mexico/Colorado Stateline.

CASE 9819: Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 unit is approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No. 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. 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 unit is approximately 1 mile northwest of the Navajo Reservoir Dam.

CASE 9821: Application of Nearburg Producing Company for amendment of Division Order No. R-8991, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8991, dated August 31, 1989, which order authorized an unorthodox oil well location in the South Humble City-Strawn Pool for its Boy's Ranch Well No. 1 to be drilled 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township 17 South, Range 37 East, by including provisions to test the Devonian formation whereby the NE/4 NE/4 of said Section 13 is to be dedicated to form a standard statewide 40-acre oil spacing and proration unit for said zone. Said well site is located approximately 3 miles north by east of Humble City, New Mexico.

CASE 9791: (Continued from October 18, 1989, Examiner Hearing.)

Application of Bannon Energy Incorporated for extension and contraction of certain pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to contract the Lybrook-Gallup Oil Pool by the deletion of the NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 of Section 31, Township 24 North, Range 6 West, to contract the Counselors Gallup-Dakota Oil Pool by the deletion of the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West, and to extend the Escrito-Gallup Associated Pool to include therein the E/2 NE/4, NW/4, and S/2 of Section 31, Township 24 North, Range 6 West, and the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West. This area is located approximately 3 miles northeast of the Southern Union Gas Company Lybrook Plant.

CASE 9822: Application of Harvey E. Yates Company 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 Bone Spring formation underlying the NE/4 SW/4 of Section 12, Township 18 South, Range 32 East, forming a standard statewide 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, which presently includes but is not necessarily limited to the Undesignated Corbin-San Andres, Undesignated South Maljamar-Yates, Undesignated West Corbin-Delaware, Undesignated Querecho Plains-Upper Bone Spring, and Undesignated North Young-Bone Spring Pools. Said unit is to be dedicated to a well to be drilled at a standard oil well location 2310 feet from the South and West lines (Unit L) of said Section 12. 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 7 miles south-southeast of Maljamar, New Mexico.

CASE 9809: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Drilling Company for statutory unitization, Chaves 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 Southeast Chaves Queen Gas Area Associated Pool, underlying 560 acres, more or less, of Federal, State and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said unit is to be designated the Cactus Queen Unit. 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 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 non-consenting 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 centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9810: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool in its proposed Cactus Queen Unit Area (Division Case No. 9809), underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Said area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9823: Application of Yates Drilling Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Queen Unit for an area comprising 560 acres, more or less, of Federal, State and Fee lands in all or portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.