

Dockets Nos. 6-90 and 7-90 are tentatively set for February 21, 1990 and March 7, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 7, 1990
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, Alternate Examiner:

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

CASE 9859: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bittersweet Unit Agreement for an area comprising 1400 acres, more or less, of State and Federal lands in all or portions of Sections 21, 28, 29, and 33, Township 9 South, Range 26 East. This area is located approximately 6 miles southeast of the Pecos River Bridge on U.S. Highway 70.

CASE 9860: Application of Yates Petroleum Corporation 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 Canyon formation underlying the SE/4 of Section 25, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool, and the NE/4 SE/4 of said Section 25 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to its Dagger "2W" Well No. 2 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 25. 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 10.75 miles west of Lakewood, New Mexico.

CASE 9846: (Continued from January 24, 1990, Examiner Hearing.)

Application of Yates Petroleum Corporation 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 Canyon formation underlying the SE/4 of Section 35, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Pool, and the SE/4 SE/4 of said Section 35 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South and East lines (Unit P) of said Section 35. 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 operation 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 7.5 miles west by north of Seven Rivers, New Mexico.

CASE 9853: (Continued from January 24, 1990, Examiner Hearing.)

Application of David H. Arrington Oil and Gas, Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the W/2 NE/4 and E/2 NW/4 of Section 21, Township 24 South, Range 37 East, Jalmat Gas Pool. The applicant proposes to recomplete the Texaco Inc. J. F. Black Well No. 4 from the Langlie-Mattix Pool to the Jalmat Gas Pool, said well is located at a standard Jalmat gas well location 1980 feet from the North and West lines (Unit F) of said Section 21. Said unit is located approximately 8 miles northeast by north of Jal, New Mexico.

CASE 9861: Application of TXO Production Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation underlying the N/2 of Section 16, Township 18 South, Range 31 East, forming a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated North Shugart-Morrow Gas Pool and the North Shugart-Atoka Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 of said Section 16. 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 4.25 miles south of the junction of U.S. Highway 82 and State Highway No. 529.

CASE 9862: Application of Mewbourne Oil Company for the contraction of the Atoka-Pennsylvanian Gas Pool and the concomitant extension of the West Atoka-Morrow Gas Pool and for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the W/2 of Section 9, Township 18 South, Range 26 East, from the Atoka-Pennsylvanian Gas Pool and the concomitant extension of the West Atoka-Morrow Gas Pool to include the same acreage. The applicant also seeks approval for an unorthodox gas well location for its proposed Gin Well No. 1 to be drilled 990 feet from the South line and 660 feet from the West line (Unit M) of said Section 9, the W/2 of said Section 9 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the West Atoka-Morrow Gas Pool. At the present time the W/2 of said Section 9 is dedicated in the Atoka Pennsylvanian Gas Pool to the applicant's Spencer Com Well No. 1 located at a standard gas well location for the Atoka-Pennsylvanian Gas Pool 1650 feet from the North and West lines (Unit F) of said Section 9. The northwest corner of the area in question is located in Atoka, New Mexico.

CASE 9819: (Continued from January 10, 1990, Examiner Hearing.)

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: (Continued from January 10, 1990, Examiner Hearing.)

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 9854: (Continued from January 24, 1990, Examiner Hearing.)

Application of Stevens Operating Corporation for pool creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Fusselman formation comprising the S/2 of Section 21 and the N/2 of Section 28, Township 10 South, Range 27 East, and for the promulgation of special rules and regulations therefor including provisions for 320-acre oil spacing and proration units, designated well location requirements, a special gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil, and a special 320-acre oil allowable of 650 barrels per day. Said area is located at Mile Post No. 174 on U.S. Highway 380.

CASE 9863: Application of Hixon Development 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 Lots 1 through 4 and the E/2 W/2 of Section 7, Township 25 North, Range 12 West, forming a standard 317.28-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 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 unit is located approximately 5 miles south-southwest of El Paso Natural Gas Company's Chaco Plant.

CASE 9864: Application of Hixon Development Company for compulsory pooling and an unorthodox coal gas well location, 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 of Section 17, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its existing New Mexico Federal "B" Well No. 1 located at an unorthodox coal gas well location 660 feet from the North and East lines (Unit A) of said Section 17. Also to be considered will be the cost of re-entering, recompleting, equipping and operating 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 re-entering and recompleting said well. Said unit is located approximately 6 miles south by west of El Paso Natural Gas Company's Chaco Plant.

CASE 9865: Application of Hal J. Rasmussen Operating, Inc. for two unorthodox gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to recomplete the following two wells from the Langlie Mattix Pool to the Jalmat Gas Pool, both located at unorthodox gas well locations in Section 24, Township 23 South, Range 36 East:

State "A" A/C-1 Well No. 52
1980 feet from the South and
West lines (Unit K); and,

State "A" A/C-1 Well No. 108
660 feet from the South and
West lines (Unit M).

Both aforementioned wells are to be placed within an existing non-standard 480-acre gas spacing and proration unit (authorized by Division Order No. R-9073, dated December 14, 1989). The applicant also seeks to simultaneously dedicate Jalmat Gas production from both aforementioned wells with the State "A" A/C-1 Well Nos. 24, 25, 32, and 53 located in Units M, F, J, and E, respectively, of said Section 24 (approved by said Order No. R-9073) and with the State "A" A/C-1 Well Nos. 50 and 107 located in Units O and L, respectively, of said Section 24 (approved by Division Administrative Order NSL-2722, dated December 6, 1989). Said unit is located approximately 2 miles west of Mile Post No. 21 located on New Mexico State Highway No. 18.