

Dockets Nos. 7-90 and 8-90 are tentatively set for March 7, 1990 and March 21, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 21, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 9869: 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 Morrow formation underlying the following described acreage in Section 14, Township 20 South, Range 24 East, and in the following manner: the N/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, (which includes but is not limited to the Undesignated Cemetery-Morrow Gas Pool, Undesignated North Cemetery-Wolfcamp Gas Pool, Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, and Middle Seven Rivers-Upper Pennsylvanian Gas Pool); the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing; and the NE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on statewide 40-acre oil spacing. All of the above-described units are to be dedicated to a single well to be drilled at a standard location in the NE/4 NW/4 (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 unit is located approximately 9.25 miles west by south of Seven Rivers, New Mexico.

CASE 9870: Application of Siete Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Parkway-Bone Spring Pool including a provision for a limiting gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in Section 34, Township 19 South, Range 29 East and Sections 2 and 3, Township 20 South, Range 29 East, which is located approximately 5.5 miles north by west of the junction of U.S. Highway 62/180 and old New Mexico State Highway 31.

CASE 9871: Application of Meridian Oil, Inc. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 411.44-acre non-standard gas spacing and proration unit comprising Lots 5 through 13 of Section 9 and Lots 5 through 7 of Section 10, all in Township 32 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. Said unit is to be dedicated to its Allison Unit Well No. 123 to be drilled at an unorthodox coal gas well location 1015 feet from the South line and 1850 feet from the East line (Unit O) of said Section 9, which is approximately 1/2 mile south of Mile Post No. 249 located on the New Mexico/Colorado Stateline.

CASE 9863: (Continued from February 7, 1990, Examiner Hearing.)

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: (Continued from February 7, 1990, Examiner Hearing.)

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 9872: Application of Oxy USA, Inc. for termination of gas prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the Burton Flat-Morrow Gas Pool encompassing portions of Townships 20 and 21 South, Ranges 26, 27, and 28 East, which is located in an area approximately 6 miles north of Carlsbad, New Mexico.

Application of Tahoe Energy, Inc. for an unorthodox gas well location, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Jalmat Gas Pool to form a non-standard 160-acre gas spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 12, Township 23 South, Range 36 East. Said unit is to be simultaneously dedicated to the existing King Gas Com "MN" Well No. 1 located at a standard gas well location 2310 feet from the South line and 990 feet from the West line (Unit L) of said Section 12 and to the proposed Cochise Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the North line and 1600 feet from the West line (Unit F) of said Section 12. Said unit is located approximately 14 miles north by west of Jal, New Mexico.

CASE 9874: Application of Hal J. Rasmussen Operating, Inc. for two unorthodox gas well locations and simultaneous dedication, and to amend, in part, Division Order No. R-9073 and Administrative Order NSL-2728, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to recomplete the following two unorthodox gas well locations to be included within the previously approved 640-acre non-standard Jalmat gas spacing and proration unit (Division Order No. R-9073, dated December 14, 1989) comprising the N/2 and SW/4 of Section 13, and NE/4 of Section 14, Township 23 South, Range 36 East:

State "A" A/C-1 Well No. 66
660 feet from the North and
West lines (Unit D); and,

State "A" A/C-1 Well No. 75
1980 feet from the North and
West lines (Unit F), both located
in said Section 13.

Applicant also seeks to amend Division Administrative Order NSL-2728, dated December 7, 1989 to reflect the proper dedicated acreage for the State "A" A/C-1 Well No. 71, located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of said Section 13, to the current aforementioned 640-acre non-standard gas proration unit. Also to be considered is an amendment to said Order No. R-9073 to authorize the simultaneous dedication of the 640-acre unit to the State "A" A/C-1 Well Nos. 20, 21, 22, 66, 71 and 75 located in Units C, H, N, D, M, and F, respectively, in said Section 13 and to the State "A" A/C-1 Well Nos. 13 and 77 located in Units H and B, respectively, of said Section 14. Said unit is located approximately 4 miles north-northwest of the Old El Paso Natural Gas Company Jal Plant No. 4.

CASE 9819: (Continued from February 7, 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 9875: Application of Explorers 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 Bone Spring formation underlying the NW/4 SE/4 (Unit J) of Section 1, Township 18 South, Range 31 East, 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 limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, and Undesignated Tamano-Bone Spring Pool. Said unit is 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 unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9876: Application of Explorers 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 Bone Spring formation underlying the SW/4 SE/4 (Unit O) of Section 1, Township 18 South, Range 31 East, 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 limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, Undesignated Tamano-Bone Spring Pool, and Undesignated North Young-Bone Spring Pool. Said unit is 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 unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9877: Application of Explorers 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 Bone Spring formation underlying the NE/4 SW/4 (Unit K) of Section 1, Township 18 South, Range 31 East, 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 limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, Undesignated Tamano-Bone Spring Pool, and Undesignated North Young-Bone Spring Pool. Said unit is 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 unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9878: Application of Chevron USA Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4, and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Jalmat Gas Pool. Said unit is to be simultaneously dedicated to the Bertie Whitwire Well Nos. 1 and 2 located at standard gas well locations 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8, respectively. Said area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9873: (Continued from February 21, 1990, Examiner Hearing.)

Application of Tahoe Energy, Inc. for an unorthodox gas well location, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Jalmat Gas Pool to form a non-standard 160-acre gas spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 12, Township 23 South, Range 36 East. Said unit is to be simultaneously dedicated to the existing King Gas Com "NN" Well No. 1 located at a standard gas well location 2310 feet from the South line and 990 feet from the West line (Unit L) of said Section 12 and to the proposed Cochise Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the North line and 1600 feet from the West line (Unit F) of said Section 12. Said unit is located approximately 14 miles north by west of Jal, New Mexico.

CASE 9878: (Readvertised)

Application of Chevron USA Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4, and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool. Said unit is to be simultaneously dedicated to the Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8, respectively. Said area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9884: Application of OXY USA, Inc. for compulsory pooling, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool formation underlying the SE/4 of Section 5 and the NE/4 NE/4 of Section 8 all in Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, said unit to be simultaneously dedicated to the existing Laughlin "B" Well No. 5 located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and to the plugged and abandoned Laughlin "B" Well No. 1 to be re-entered and recompleted in the Eumont at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 5. Also to be considered will be the cost of re-entering and recompleting the Laughlin "B" Well No. 1 and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the unit and a charge for risk involved in the re-entering and recompletion of said well. Said unit is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9885: Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying either the SE/4 SW/4 of Section 5 and the E/2 W/2 of Section 8, Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the SE/4 SW/4 of said Section 5 and the N/2 NE/4, and NE/4 NW/4 of said Section 8, forming a non-standard 160-acre gas spacing and proration unit for said pool. In either instance the applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt "B-8" Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a second well to be drilled at a standard gas well location within the applicable non-standard unit. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom its cost of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such infill well, plus an equitable and proper percentage of the value of the existing wellbore of said Britt "B-8" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9886: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, establishing a discovery allowable, abolishing and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Bandana Point-Strawn Gas Pool. The discovery well is the Yates Energy Desert Rose Fed. Well No. 1 located in Unit I of Section 27, Township 23 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Section 27: E/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the La Huerta-Delaware Pool. The discovery well is the Ray Westall, Myrtle Myra Well No. 1 located in Unit C of Section 16, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 16: NW/4

In addition, a discovery allowable of 24,865 barrels of oil shall be assigned to this well. This amount is to be produced over a two-year period and is over and above the daily top allowable.

- (c) Abolish the Boyd-Canyon Pool in Eddy County, New Mexico, in order to place abolished acreage into the North Dagger Draw-Upper Pennsylvanian Pool.
- (d) Extend the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 14: NW/4
Section 15: All

Dockets Nos. 9-90 and 10-90 are tentatively set for March 21, 1990 and April 4, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 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 April, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for April, 1990, from fourteen prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9732: (Reopened and Readvertised)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 401.20-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 8, 9, 10 and 11, N/2 SE/4, and the SE/4 SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the existing Allison Unit Well No. 103 located at a standard coal gas well location 1795 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10, which is approximately 1/2 mile southwest of Mile Corner No. 248 located on the Colorado/New Mexico state line. This case was originally heard at the August 23, 1989 hearing and was subsequently reopened at the October 4, 1989 hearing to correct an error in the subject well location; Order Nos. R-8995 and R-8995-A were issued as a result of both hearings. Due to inadvertence, the advertisement for both hearings and both orders contained an erroneous description of the non-standard gas proration unit. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 9880: Application of Merrion Oil & Gas Corporation for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project on its Papers Wash Cooperative Agreement Unit Area underlying portions of Sections 15 and 16, Township 19 North, Range 5 West, by the injection of water into the Papers Wash-Entrada Oil Pool through the Navajo Allotted "15" Well No. 3 located 2310 feet from the South line and 2000 feet from the West line (Unit K) of said Section 15. Said project area is located approximately 22 miles northwest of San Luis, New Mexico.

CASE 9870: (Continued from February 21, 1990, Examiner Hearing.)

Application of Siete Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Parkway-Bone Spring Pool including a provision for a limiting gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in Section 34, Township 19 South, Range 29 East and Sections 2 and 3, Township 20 South, Range 29 East, which is located approximately 5.5 miles north by west of the junction of U.S. Highway 62/180 and old New Mexico State Highway 31.

CASE 9881: Application of Richmond Petroleum, Inc. for 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 Federal 31-4-32 Well No. 2 to be drilled 1617 feet from the South line and 1939 feet from the West line (Unit K) of Section 32, Township 31 North, Range 4 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 32 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 10 miles south of Mile Corner No. 233 located on the New Mexico/Colorado Stateline.

CASE 9819: (Continued from February 21, 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 9882: Application of Controlled Recovery, Inc. for an oil treating plant permit and for surface waste disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for construction and operation of the surface waste disposal facility and an oil treating plant for the purpose of treating and reclaiming sediment oil and for the collection, disposal, evaporation or storage of produced water, drilling fluids, drill cuttings, completion fluids and other oil field related waste in unlined surface pits, at a site in the S/2 N/2 and the N/2 S/2 of Section 27, Township 20 South, Range 32 East. This site is located on either side of U.S. Highway 62/180 at Mile Marker No. 66.

CASE 9883: 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 for its Pardue "C" 8808 JV-P Well No. 1 to be drilled 176 feet from the South line and 1550 feet from the West line (Unit N) of Section 11, Township 23 South, Range 28 East, to test the Undesignated East Loving-Delaware Pool, the SE/4 SW/4 of said Section 11 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1/4 mile southwest of the Harroun Dam.