

Dockets Nos. 29-90 and 30-90 are tentatively set for October 17, 1990 and October 31, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 3, 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 Jim Morrow, Examiner, or David R. Catanach or Michael E. Stogner, Alternate Examiners:

CASE 10102: Application of Sage Energy Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Vacuum (Abo) North Unit Agreement for an area comprising 1763 acres, more or less, of State lands in all or portions of Sections 35 and 36, Township 16 South, Range 34 East, and Sections 1, 2, and 12, Township 17 South, Range 34 East. This area is located approximately 4 miles north by west of Buckeye, New Mexico.

CASE 10103: Application of Sage Energy Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed North Vacuum (Abo) North Unit located in all or portions of Sections 35 and 36, Township 16 South, Range 24 East and Sections 1, 2, and 12, Township 17 South, Range 34 East, by the injection of water into the North Vacuum-Abo Pool through 19 certain wells to be converted as injection wells. Said area is located approximately 4 miles north by west of Buckeye, New Mexico.

CASE 10083: (Continued from September 19, 1990, Examiner Hearing.)

Application of Mesa Operating Limited Partnership 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, 2, 3, 4, and 5, the S/2 SW/4 and the NE/4 SE/4 (S/2 equivalent) of Section 32, Township 31 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 25 to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 32. 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 10.5 miles east by north of Aztec, New Mexico.

CASE 10104: Application of BASF Corporation for amendment of Division Order No. R-9255, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9255, which order authorized a horizontal directional drilling pilot project in the Undesignated Verde-Gallup Oil Pool underlying the S/2 SW/4 of Section 28, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation, by moving the surface location of its proposed Ute Mt. Tribal "28" Well No. 14 to an unorthodox oil well location 1284 feet from the South line and 1112 feet from the West line (Unit M) of said Section 28. Said project area is located approximately 12 miles northwest by north of Farmington, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 10099: (Continued from September 19, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. and Associates, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 11, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence a well to be located on the surface 934 feet from the South line and 1975 feet from the West line (Unit N) of said Section 11, drill vertically and kick-off in a north-westerly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 6.5 miles south of New Mexico State Highway No. 44 at Mile Post 76.

CASE 10100: (Continued from September 19, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project and special rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 South, Range 3 West. Applicant further seeks the promulgation of special rules for the operation of said project, including provisions for administrative authorization of horizontal/high angle wellbores, the formation of oversized proration units to accommodate such wellbores, and assignment of special allowables to wells in the project area. Said area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10069: (Readvertised)

Application of Pacific Enterprises Oil Company (USA) to limit the rules governing the Fren-Pennsylvanian Gas Pool to its present horizontal boundary, or, in the alternative, to establish 320-acre spacing for said pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to limit the Rules and Regulations governing the Fren-Pennsylvanian Gas Pool to its present horizontal boundary comprising the SW/4 of Section 15, the E/2 of Section 21, and the NW/4 of Section 22, all in Township 17 South, Range 31 East. Said pool was established in 1956 at which time statewide spacing for wells to this depth was 160 acres; these provisions are still applicable for the pool at this time. Further, the applicant requests that all wells drilled to the Pennsylvanian formation within one mile of the above-described area be exempt from the provisions of General Rule 104.A and be governed by the current Statewide Rules. IN THE ALTERNATIVE, the applicant seeks 320-acre spacing for said pool whereby the current General Rules regarding spacing (Rule 104) would be applicable. IN THE ABSENCE OF EVIDENCE TO THE CONTRARY, 320-ACRE SPACING WILL BE ESTABLISHED FOR THE SUBJECT POOL. Said pool is located approximately 7 miles east of Loco Hills, New Mexico.

CASE 10067: (Continued from September 19, 1990, Examiner Hearing.)

Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6,250 feet, whichever is deeper, underlying the SW/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for either the Undesignated East Loving-Delaware Pool or Undesignated South Loving-Delaware Pool, 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 1.5 miles northeast of Loving, New Mexico.

CASE 10091: (Continued from September 19, 1990, Examiner Hearing.)

Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6250 feet, whichever is deeper, underlying the NW/4 SE/4 (Unit J) of Section 15, Township 23 South, Range 28 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 oil spacing, which presently includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware 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 2 miles east-northeast of Loving, New Mexico.

CASE 10105: Application of Anadarko Petroleum 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, or to a depth of 11,500 feet, whichever is deeper, underlying the W/2 of Section 28, Township 17 South, Range 30 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Loco Hills-Atoka Gas Pool, Undesignated Cedar Lake-Morrow Gas Pool, Undesignated Loco Hills-Morrow Gas Pool, and Undesignated South Loco Hills-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 approximately 1 mile south of Loco Hills, New Mexico.

CASE 10106: Application of Conoco, Inc. for a salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from approximately 4547 feet to 5092 feet in its SEMU Penn. Well No. 9, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 23, Township 20 South, Range 37 East, Undesignated Eunice Monument Grayburg-San Andres Pool. Said well is located approximately 9.5 miles south of the Hobbs-Lea County Airport.

CASE 10107: Application of Conoco, Inc. for a salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from approximately 4160 feet to 5020 feet in its SEMU Drinkard Weir Well No. 95, located 2130 feet from the South line and 1980 feet from the East line (Unit J) of Section 23, Township 20 South, Range 37 East, Undesignated Eunice Monument Grayburg-San Andres Pool. Said well is located approximately 9.5 miles south of the Hobbs-Lea County Airport.

CASE 10066: (Continued from September 19, 1990, Examiner Hearing.)

Application of Matador Petroleum Corporation 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 or to a depth of 13,600 feet, whichever is deeper, underlying the following described acreage in Section 5, Township 20 South, Range 34 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) to form a standard 320-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 NW/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 within said vertical extent (which presently includes but is not necessarily limited to the Undesignated South Quail Ridge-Bone Spring Pool). Said 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 unit underlies the area underneath Mile Marker No. 77 on U.S. Highway 62/180.

CASE 10108: Application of Yates Petroleum Corporation to amend the special pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool, as promulgated by Division Order No. R-5353, as amended, to provide that each well, oil or gas, shall be located no closer than 660 feet to the outer boundary of the proration unit, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary, to increase the limiting gas-oil ratio to 10,000 cubic feet of gas for each barrel of oil, and for a special depth bracket oil allowable for oil wells on a 320-acre proration unit of 700 barrels of oil per day. Said pool comprises either all or portions of Sections 11, 14, 22, 23, 26, and 35, Township 20 South, Range 24 East, which is approximately 8 miles west-southwest of Seven Rivers, New Mexico.