

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 28, 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 Michael E. Stogner or David R. Catanach, Alternate Examiners:

CASE 10146: (Continued from November 14, 1990, Examiner Hearing.)

Application of Giant Exploration & Production 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 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 5, Township 25 North, Range 12 West, forming a standard 319.92-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 equivalent of said Section 5. 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 the drilling of said well. Said unit is located approximately 7.75 miles west by south of the B.I.A. Huerfano Community School.

CASE 10137: (Readvertised)

Application of C. W. Trainer for directional drilling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill from its existing Harris Federal Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 22 South, Range 34 East, in such a manner as to bottom the well in the Undesignated Grama Ridge-Morrow Gas Pool at a target point that is no closer to the South and East lines of said Section 5 than 660 feet, which is an unorthodox gas well location for said pool. Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of said Section 5 is to be dedicated to said well forming a 321.58-acre gas spacing and proration unit for said pool. Said unit is located approximately 19 miles west by south of Eunice, New Mexico.

CASE 10145: (Continued from November 14, 1990, Examiner Hearing.)

Application of Yates Petroleum Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Avalon-Delaware Pool including a provision for a gas-oil ratio limitation of 7,500 cubic feet of gas per barrel of oil. Said pool is located in all or portions of Sections 25 and 36, Township 20 South, Range 27 East and Sections 19, 28, 29, 30, 31 and 32, Township 20 South, Range 28 East, which is located approximately 8 miles north of Carlsbad, New Mexico.

CASE 10130: (Continued from November 14, 1990, Examiner Hearing.)

Application of Yates Petroleum Corporation 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 Spanish Dagger "AID" Com Well No. 1 to be drilled 660 feet from the South line and 725 feet from the West line (Unit M) of Section 12, Township 20 South, Range 24 East, to test the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, the S/2 of said Section 12 to be dedicated to said well forming a standard 320-acre oil spacing and proration unit for said pool. Said unit is located approximately 7 miles west by south of Seven Rivers, New Mexico.

CASE 10132: (Continued from November 14, 1990, Examiner Hearing.)

Application of Yates Petroleum Corporation for an exception to Division General Rule 303.A., Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 303.A. whereby perforated intervals in both the Wolfcamp formation and the South Dagger Draw-Upper Pennsylvanian Associated Pool would be allowed to remain in communication in the wellbore of its Hillview AHE Com Well No. 3 located 660 feet from the South line and 1980 feet from the West line (Unit M) of Section 23, Township 20 South, Range 24 East, being located approximately 8.5 miles west-southwest of Seven Rivers, New Mexico. FURTHERMORE, the applicant at the time of the hearing shall be prepared to show cause why the Wolfcamp interval in said well should not be properly plugged off and abandoned.

CASE 10166: Application of Nearburg Producing Company for directional drilling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill from its existing Western State 17-F Well No. 1 located at a previously approved unorthodox surface oil well location (MSL-2855 dated August 30, 1989) 2130 feet from the North and West lines (Unit F) of Section 17, Township 16 South, Range 37 East, in such a manner as to bottom the well in the Northeast Lovington-Pennsylvanian Pool at an unorthodox bottomhole location within 50 feet of a point 1980 feet from the North line and 2300 feet from the West line of said Section 17. Said unit is located approximately 5.5 miles east by south of Lovington, New Mexico.

CASE 10152: (Continued from November 14, 1990, Examiner Hearing.)

Application of Nearburg Producing Company for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Osudo-Morrow Gas Pool, underlying all of Section 30, Township 19 South, Range 36 East, forming a non-standard 631.76-acre gas spacing and proration unit for said pool, said unit 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 the drilling of said well. Said unit is located approximately 5 miles south-southwest of Arkansas Junction, New Mexico.

CASE 10167: Application of BTA Oil Producers for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill from its existing Pardue "C" 8808 JV-P Well No. 1 located at a previously approved unorthodox surface location (Division Order No. R-9147, as amended) 176 feet from the South line and 1550 feet from the West line (Unit M) of Section 11, Township 23 South, Range 28 East, in such a manner as to bottom the well in the Undesignated East Loving-Delaware Pool at a standard bottomhole location within 50 feet of a point 660 feet from the South line and 1980 feet from the West line of said Section 11. Said unit is located approximately 1/4 mile southwest of the Harroun Dam.

CASE 10156: (Continued from November 14, 1990, Examiner Hearing.)

Application of ARCO Oil and Gas 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 Ellenburger formation, underlying the S/2 of Section 32, Township 20 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit 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 the drilling of said well. Said unit is located approximately 2 miles north-northwest of Oil Center, New Mexico.

CASE 10168: Application of Pacific Enterprises Oil Company, USA for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the E/2 of Section 16, Township 17 South, Range 31 East, to form a standard 320-acre 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 Fren-Pennsylvanian Gas Pool, said unit 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 the drilling of said well. Said unit is located approximately 6.5 miles west by south of Maljamar, New Mexico.

CASE 10169: Application of Pacific Enterprises Oil Company, USA for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the S/2 of Section 21, Township 19 South, Range 28 East, to form a standard 320-acre 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 South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated Millman-Morrow Gas Pool and Undesignated Winchester-Morrow Gas Pool, said unit 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 the drilling of said well. Said unit is located approximately 11 miles east of Lakewood, New Mexico.

CASE 10149: (Continued from November 14, 1990, Examiner Hearing.)

Application of Meridian Oil Inc. on behalf of Southland Royalty Company for dual completion and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to dually complete its existing Cain Well No. 3-R, located 1610 feet from the South line and 810 feet from the East line (Unit I) of Section 30, Township 29 North, Range 9 West, in both the Blanco-Mesaverde Pool and Basin-Fruitland Coal Gas Pool, Lots 8 through 15 (S/2 equivalent) of said Section 30 to be dedicated to both zones forming a 268.42-acre gas spacing and proration unit. Further, said well is located at an unorthodox coal gas well location, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, in which the applicant requests approval. Said unit is located approximately 2 miles south-southeast of Blanco, New Mexico.

CASE 10150: (Continued from November 14, 1990, Examiner Hearing.)

Application of Meridian Oil Inc. for dual completion and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to dually complete its San Juan Well No. 20A, located 850 feet from the North line and 1100 feet from the West line (Unit E) of Section 35, Township 29 North, Range 9 West, in both the Blanco-Mesaverde Pool and Basin-Fruitland Coal Gas Pool, the W/2 of said Section 35 to be dedicated to both zones forming a standard 320-acre gas spacing and proration unit. Further, said well is located at an unorthodox coal gas well location, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, in which the applicant requests approval. Said unit is located approximately 5 miles southeast of Blanco, New Mexico.

CASE 10170: 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 Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 7, Township 27 North, Range 10 West, forming a standard 332.92-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 equivalent 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 the drilling of said well. Said unit is located approximately 8.5 miles south-southeast of Bloomfield, New Mexico.

- CASE 10185: Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Fren Well No. 37 to be drilled 100 feet from the South and East lines (Unit P) of Section 19, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Atlantic Grayburg Jackson Friess-Fren Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of said Section 19 to which is currently dedicated the Fren Oil Co. Well No. 10 located at a standard oil well location 990 feet from the South line and 330 feet from the East line (Unit P) of said Section 19. Said unit is located approximately 8.5 miles southwest of Maljamar, New Mexico.
- CASE 10186: Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Friess Well No. 5 to be drilled 1270 feet from the North line and 100 feet from the East line (Unit A) of Section 30, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Atlantic Grayburg Jackson Friess-Fren Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 NE/4 of said Section 30 to which is currently dedicated the Friess Well No. 2 located at a standard oil well location 660 feet from the North and East lines (Unit A) of said Section 30. Said unit is located approximately 8.5 miles southwest of Maljamar, New Mexico.
- CASE 10187: Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Turner "B" Well No. 99 to be drilled 2600 feet from the South line and 50 feet from the East line (Unit I) of Section 30, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Turner "B" Grayburg-Jackson Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 SE/4 of said Section 30 to which is currently dedicated the Turner "B" Well No. 53 located at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 30. Said unit is located approximately 8.75 miles southwest of Maljamar, New Mexico.
- CASE 10168: (Continued from November 28, 1990, Examiner Hearing.)
- Application of Pacific Enterprises Oil Company, USA for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the E/2 of Section 16, Township 17 South, Range 31 East, to form a standard 320-acre 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 Fren-Pennsylvanian Gas Pool, said unit 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 6.5 miles west by south of Maljamar, New Mexico.
- ~~CASE 10189:~~ (Continued from November 28, 1990, Examiner Hearing.)
- Application of Pacific Enterprises Oil Company, USA for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the S/2 of Section 21, Township 19 South, Range 28 East, to form a standard 320-acre 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 South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated Millman-Morrow Gas Pool and Undesignated Winchester-Morrow Gas Pool, said unit 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 11 miles east of Lakewood, New Mexico.
- CASE 10188: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the West Sombbrero State Unit Agreement for an area comprising 1920 acres, more or less, of State lands in all of Sections 9, 16, and 21, Township 16 South, Range 33 East, which is located approximately 6 miles northeast of Maljamar, New Mexico.
- CASE 10158: (Continued from November 28, 1990, Examiner Hearing.)
- Application of Morgan Richardson Operating 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 the N/2 of Section 17, Township 28 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 17. 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 8 miles east-southeast of Blanco, New Mexico.

CASE 10159: (Continued from November 28, 1990, Examiner Hearing.)

Application of Morgan Richardson Operating 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 the S/2 of Section 17, Township 28 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 17. 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 8 miles southeast by south of Blanco, New Mexico.

CASE 10189: Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the NE/4 of Section 5, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 14 to be drilled at a surface location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 5 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 5 miles south-southeast of Mesa, New Mexico.

CASE 10190: Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SW/4 of Section 6, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Wildcat Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 10 to be drilled at a surface location 1980 feet from the South and West lines (Unit K) of said Section 6 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 5 miles south of Mesa, New Mexico.

CASE 10191: Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the NE/4 of Section 6, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 12 to be drilled at a surface location 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 6 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 4.5 miles south of Mesa, New Mexico.

CASE 10175: (Continued from November 28, 1990, Examiner Hearing.)

Application of Maralex Resources, 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 for its Hammond W. N. Federal Well No. 11 to be drilled 205 feet from the North line and 130 feet from the East line (Unit A) of Section 34, Township 27 North, Range 8 West, Basin-Fruitland Coal Gas Pool, the E/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 7 miles east of Huerfano Peak.

CASE 10127: (Continued from November 28, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling 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 Lots 2 and 3, S/2 NW/4, and SW/4 (W/2 equivalent) of Section 6, Township 20 North, Range 2 West, forming a non-standard 297.79-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA Johnson "6" Well No. 14 to be located on the surface 500 feet from the South line and 2100 feet from the West line (Unit N) of said Section 6, drill vertically and kick-off in a northwesterly 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 7.5 miles west by south of Cuba, New Mexico.