

Docket Nos. 14-85 and 15-85 are tentatively set for May 8 and May 22, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - APRIL 22, 1985

9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following case was continued from April 3, 1985, Commission Hearing:

CASE 8224: In the matter of the hearing called by the Oil Conservation Commission on its own motion to define the vertical and areal extent of aquifers potentially vulnerable to contamination by the surface disposition of water produced in conjunction with the production of oil and gas in McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant seeks to define such areas and prohibit and/or limit the disposition of such produced waters on the surface of the ground therein at any location where such waters are produced or collected.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 24, 1985

8 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 Gilbert P. Quintana, Alternate Examiner:

CASE 8561: Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Willard Unit Area comprising 7040 acres, more or less, of State, Federal and Fee lands in Townships 4 and 5 North, Range 8 East.

CASE 8562: Application of Mar Oil & Gas Corp. Inc. for a unit agreement, Torrance County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Berkshire Unit Area comprising 27,840 acres, more or less, of State, Federal and Fee lands in Townships 6 and 7 North, Ranges 9 and 10 East.

CASE 8582: Application of Parabo, Inc. for amendment of Division Order No. R-5516, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5516, as amended, authorizing the water levels to be raised in Pits 2, 3, 5, 6, and 7.

CASE 8563: (This case will be continued to May 22, 1985)

Application of Cabot Petroleum Corporation for 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 and Glorieta formations in the open-hole interval from 4583 feet to 6730 feet in the J. L. Reed Well No. 3 located 1980 feet from the North line and 1650 feet from the East line of Section 35, Township 13 South, Range 37 East.

CASE 8461: (Continued from March 13, 1985, Examiner Hearing)

Application of Alpha Twenty-One Production 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 Grayburg formation underlying the SE/4 NE/4 of Section 32, Township 18 South, Range 37 East, to be dedicated to a 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.

CASE 8462: (Continued from March 13, 1985, Examiner Hearing)

Application of Alpha Twenty-One Production Company for 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 in the perforated interval from approximately 3700 feet to 4000 feet in the existing Sun Exploration and Production Company Gregory "A" Well No. 3 located 660 feet from the North and West lines (Unit D) of Section 33, Township 25 South, Range 37 East.

CASE 8564: Application of the Commissioner of Public Lands for the State of New Mexico to vacate and void Division Order No. R-7817, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to vacate and void Division Order No. R-7817 which authorized TXO Production Company to pool all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East, to be dedicated to a well at an unorthodox gas well location 660 feet from the South and East lines.

CASE 8534: (Continued from April 10, 1985, Examiner Hearing) (This case will be dismissed.)

Application of A.M. Kalaf and George Kalaf for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the East Puerto Chiquito-Mancos Oil Pool underlying the SE/4 of Section 4, Township 25 North, Range 1 East, to be dedicated to a well to be drilled at 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.

CASE 8565: (This case will be dismissed)

Application of TXO Production Corp. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox well location 660 feet from the South and East lines of said Section 2. 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.

CASE 8552: (Continued from April 10, 1985, Examiner Hearing)

Application of J. M. Huber 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 Wolfcamp formation underlying the N/2 NW/4 of Section 8, Township 13 South, Range 36 East, to be dedicated to a 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.

CASE 8471: (Continued from March 27, 1985, Examiner Hearing)

Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the determination that it Wood Gas Com "A" Well No. 1 located in the NW/4 NE/4 of Section 4, Township 31 North, Range 10 West, NMPM, Cedar Hill Fruitland Basal Coal Gas Pool, meets the NGPA well category criteria for Section 107, High Cost Occluded Gas Produced from Coal Seams, under Section 107 of the Natural Gas Policy Act of 1978.

CASE 8566: Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category determination, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the determination that its Leeper Gas Com "D" Well No. 1-Y located 1500 feet from the South line and 840 feet from the West line of Section 34, Township 32 North, Range 10 West, NMPM, Cedar Hill Fruitland Basal Coal Gas Pool, meets the NGPA well category criteria set for Section 107, High Cost Occluded Gas Produced from Coal Seams, under Section 107 of the Natural Gas Policy Act of 1978.

CASE 8567: Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bone Spring production comprising the NE/4 SE/4 of Section 15, Township 18 South, Range 34 East, and the assignment of a discovery allowable in the amount of 49,235 barrels for its Tonto State 15 Well No. 1.

CASE 8568: Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising the SE/4 SE/4 of Section 32, Township 18 South, Range 35 East, and the assignment of a discovery allowable in the amount of 55,620 barrels for its Peoples State 32 Well No. 1.

CASE 8556: (Continued from April 10, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8557: (Continued from April 10, 1985, Examiner Hearing)

Application of Southland Royalty Company 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 top of the Wolfcamp formation underlying the NW/4 of Section 21, Township 16 South, Range 27 East, to form a standard 160-acre spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation (Duffield-Pennsylvanian Gas Pool inclusive) underlying the W/2 of said Section 21 to form a standard 320-acre gas spacing and proration unit within said vertical limits also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation and all mineral interests in the Duffield-Pennsylvanian Gas Pool underlying the NW/4 of said Section 21 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of said Section 21 to form a standard 320-acre gas spacing and proration unit in said formation also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. Also to be considered, in either case, 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.

CASE 8569: Application of Inexco Oil Company for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the South Humble City Strawn Pool underlying the NE/4 NE/4 of Section 14, Township 17 South, Range 37 East, to be dedicated to a well to be drilled at a standard oil well location 900 feet from the North line and 810 feet from the East line of said Section 14. Applicant further seeks an order pooling all mineral interests in the South Humble City Strawn Pool underlying the E/2 NE/4 of said Section 14 to form a standard 80-acre oil spacing and proration unit within said Pool also to be dedicated to the above-described well which is located at an unorthodox oil well location for said Pool. 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.

CASE 8570: Application of Doyle Hartman for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 160-acre gas proration unit comprising the NE/4 of Section 35, Township 22 South, Range 36 East, Jalmat Gas Pool.

CASE 8558: (Continued from April 10, 1985, Examiner Hearing)

Application of HNG Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 18, Township 24 South, Range 29 East, to be dedicated to a 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.

CASE 8545: (Continued from April 10, 1985, Examiner Hearing)

Application of Myco Industries for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.

CASE 8571: Application of Mabee Petroleum Corporation for amendment to Administrative Order DHC-36, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Administrative Order DHC-36 to include production from the Drinkard Pool to be downhole commingled with production from the Blinebry Pool and the Tubb Oil and Gas Pool in the wellbore of its Belcher "A" Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 7, Township 22 South, Range 38 East.

CASE 8572: Application of Pennzoil 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 Pennsylvanian formation underlying the S/2 of Section 30, Township 19 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 320-acre spacing, 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.

CASE 8581: Application of Pennzoil 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 Pennsylvanian formation underlying the W/2 of Section 36, Township 16 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 320-acre spacing, 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.

CASE 8573: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blanco Mesaverde and Basin Dakota Gas Pools in the wellbores of the following eight wells:

STATE "A" Well No. 113-E
1110' FSL - 950' FEL
Unit P, Section 2

Breach "B" Well No. 172-E
890' FSL - 990' FWL
Unit M, Section 7

Breach "D" Well No. 685-E
858' FSL - 927' FEL
Unit P, Section 11

Breach "C" Well No. 689
1850' FSL - 790' FWL
Unit L, Section 12

Breach "C" Well No. 689-M
920' FSL - 1100' FEL
Unit P, Section 12

Breach "C" Well No. 248
1140' FNL - 900' FEL
Unit A, Section 13

Breach "A" Well No. 229-M
1120' FNL-890' FEL
Unit A, Section 17

Breach "D" Well No. 341-M
1850' FNL - 1800' FWL
Unit F, Section 21

All in Township 26 North, Range 6 West.

CASE 8574:

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Otero Chacra, Blanco Mesaverde, and Basin Dakota Gas Pools in the wellbores of the following seven wells:

Breech "E" Well No. 68-E
1980' FSL - 660' FWL
Unit L, Section 4

Breech "E" Well No. 583-M
1925' FSL - 720' FWL
Unit L, Section 5

Breech "A" Well No. 175-E
660' FNL - 1980' FEL
Unit B, Section 8

Breech "A" Well No. 204-M
1980' FSL-660' FWL
Unit L, Section 9

Breech "A" Well No. 136-E
660' FSL - 1980' FEL
Unit O, Section 10

Breech "C" Well No. 248-E
960' FNL-850'FWL
Unit D, Section 13

Sanchez Well No. 4
990' FN and WL
Unit D, Section 25

All in Township 26 North, Range 6 West.

CASE 8575: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the South Blanco Pictured Cliffs, Otero Chacra, Blanco Mesaverde, and Basin Dakota Gas Pools in the wellbores of its State "B" Well No. 233 located 1145 feet from the North line and 980 feet from the West line (Unit D) of Section 16, and its Sanchez Well No. 1 located 560 feet from the North line and 660 feet from the West line (Unit D) of Section 24, both in Township 26 North, Range 6 West.

CASE 8533: (Continued from March 27, 1985, Examiner Hearing)

Application of Ike Lovelady, Inc. for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Sam H. Snoddy Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 26, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8576: Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 89 located 2300 feet from the South line and 1830 feet from the West line (Unit K) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8577: Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8578: Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 88 located 2450 feet from the North line and 1850 feet from the East line (Unit G) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

- CASE 8579: Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 90 located 1180 feet from the South line and 1750 feet from the West line (Unit N) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8583: Application of Dugan Production Corporation for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 400 feet from the South and West lines (Unit M) of Section 22, Township 27 North, Range 13 West, NMPM, Gallegos-Gallup Associated Pool, the S/2 SW/4 of said Section 22 to be dedicated to the well.
- CASE 8584: Application of Maralo, Inc. for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Maralo Jalmat Yates Unit Waterflood Project by converting to injection its Maralo Jalmat Yates Unit Well Nos. 1 and 2 located in Unit I and J, respectively, of Section 12, Township 25 South, Range 36 East.
- CASE 8585: Application of Union Oil Company of California for an exception to Division Order No. R-2212, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the North Anderson Ranch Wolfcamp Pool as promulgated by Division Order No. R-2212, to authorize an unorthodox oil well location for its Brown State Unit Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 28, Township 15 South, Range 32 East, the W/2 NE/4 of said Section 28 to be dedicated to said well.
- CASE 8580: Application of Texaco Producing, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 18, Township 24 South, Range 29 East, to be dedicated to a 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.