

Dockets Nos. 23-85 and 24-85 are tentatively set for July 17 and 31, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - JULY 2, 1985

8 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 7955: (This case will be dismissed.)

Application of Bliss Petroleum, Inc. for the rescission of Order No. R-2789, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-2789, which approved the South Penrose Skelly Unit.

CASE 8593: (Continued from June 5, 1985, Examiner Hearing)

Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, South Carlsbad-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8615: (Continued from June 5, 1985, Examiner Hearing)

Application of Corinne B. Grace for HARDSHIP GAS WELL CLASSIFICATION, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Poco Loco Well No. 1 located 1980 feet from the South and West lines of Section 8, Township 15 South, Range 30 East, Double "L"-Queen Associated Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8635: Application of Energy Reserves Group, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Fuseselman formation in the perforated interval from 8150 feet to 8220 feet in its McClellan Well No. 1 located 2000 feet from the South line and 1900 feet from the West line of Section 10, Township 6 South, Range 33 East.

CASE 8609: (Continued from June 19, 1985, Examiner Hearing)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Union Texas State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 17, Township 19 South, Range 29 East, Turkey Track-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8610: (Continued from June 19, 1985, Examiner Hearing)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Alscott Federal Well No. 1 located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 East, North Turkey Track-Cisco Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8611: (Continued from June 19, 1985, Examiner Hearing)

Application of Hondo Drilling Company for five HARDSHIP GAS WELL CLASSIFICATIONS, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that each of the following described wells in Township 18 South, Range 29 East, North Turkey Track-Morrow Gas Pool, are hardship gas wells which should be granted priority access to pipeline takes in order to avoid waste:

Alscott Federal Well No. 2
660' FSL - 1980' FEL (Unit O)
Section 30

Alscott Federal Well No. 3
660' FSL - 1980' FEL (Unit O)
Section 31

Trigg Jennings Com Well No. 1
660' FSL - 1980' FWL (Unit N)
Section 28

Wright Federal Com Well No. 1
660' FSL - 1980' FWL (Unit N)
Section 29

Wright Federal Com Well No. 2
1980' FNL - 1980' FEL (Unit G)
Section 29

Examiner Hearing - Tuesday - July 2, 1985

CASE 8627: (Continued from June 19, 1985, Examiner Hearing)

Application of TXO Production Corp. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the base of the Strawn formation underlying the SW/4 SW/4 of Section 36, Township 24 South, Range 26 East, to form a standard 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard oil well location 660 feet from the South and West lines of said Section 36. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of said Section 36, to form a standard 320-acre gas spacing and proration unit, also to be dedicated to the above-described well which is an unorthodox gas well location for the W/2, 320-acre gas spacing and proration unit. 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 8621: (Continued from June 5, 1985, Examiner Hearing)

Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gem-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8636: Application of Benson-Montin-Greer Drilling Corp. for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mancos formation underlying all of Section 29, Township 25 North, Range 1 West, which is a standard 640-acre oil proration and spacing unit in the West Puerto Chiquito-Mancos Oil Pool only, to be dedicated to a well to be drilled at an unorthodox oil well location 393 feet from the North line and 2367 feet from the East line of said Section 29. 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 8637: Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Mancos formation to the base of the Dakota formation underlying the N/2 of Section 25, Township 25 North, Range 2 West, 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 8620: (Continued from June 5, 1985, Examiner Hearing)

Application of Mesa Petroleum Co. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Scharb-Bone Spring Pool in Lea County, New Mexico, including a gas-oil ratio limitation of 14,000 cubic feet of gas per barrel of oil.

CASE 8606: (Continued from June 19, 1985, Examiner Hearing)

Application of Doyle Hartman for simultaneous dedication and 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 Jalmat Gas Pool underlying the NW/4 of Section 8, Township 24 South, Range 37 East, forming a previously approved 160-acre non-standard spacing and proration unit in the Jalmat Gas Pool, to be simultaneously dedicated to his existing E. E. Jack Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 8 and his proposed E. E. Jack Well No. 5 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 8638: Application of Doyle Hartman 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 from the surface to the base of the Jalmat Gas Pool underlying the SE/4 of Section 36, Township 23 South, Range 36 East, forming a 160-acre non-standard gas proration unit 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.

Examiner Hearing - Tuesday - July 2, 1985

CASE 8545: (Continued from June 19, 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 8639: Application of Zia Energy, Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication on a previously approved 280-acre proration and spacing unit comprising the SW/4, the E/2 NW/4, and the SW/4 NW/4 of Section 20, Township 22 South, Range 36 East, Jalmat Gas Pool, of its existing Cities Federal Wells Nos. 1 and 2 located in Units L and M, respectively, and of the Penroc Oil Corporation CSO-Federal Well No. 2, to be recompleted to the Jalmat Gas Pool, located 1650 feet from the North line and 2310 feet from the West line of said Section 20, which is an unorthodox gas well location for the Jalmat Gas Pool.

CASE 8623: (Continued from June 5, 1985, Examiner Hearing)

Application of Caulkins Oil Company for dual completion, downhole commingling, and non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Kaima Well No. 1-R to be located at a standard location in the NE/4 of Section 20, Township 26 North, Range 6 West, in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled South Blanco-Pictured Cliffs and Otero-Chacra production and both commingled zones produced through parallel strings of tubing. The applicant further seeks approval of a 160-acre non-standard gas spacing and proration unit in the Basin-Dakota and Blanco-Mesaverde Pools comprising the NE/4 of said Section 20.

CASE 8640: Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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 8641: Application of Blanco Engineering, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Atoka Glorieta Yeso formation in the perforated interval from 2961 feet to 3665 feet in its Williams Well No. 9 located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 25, Township 18 South, Range 26 East.

CASE 8642: Application of Gulf Oil Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2640 feet from the North line and 660 feet from the West line (Unit E) of Section 2, Township 16 South, Range 32 East, North Anderson Ranch-Wolfcamp Pool, Lots Nos. 4 and 5 of said Section 2 to be dedicated to the well.



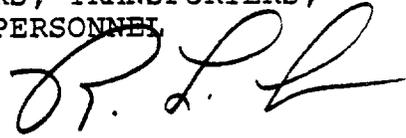
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
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MEMORANDUM

TO: ALL SAN JUAN BASIN OPERATORS, TRANSPORTERS,
REFINERS, AND OIL AND GAS PERSONNEL

FROM: R. L. STAMETS, DIRECTOR 

SUBJECT: SUBMITTAL OF REQUIRED PIT REGISTRATION FORMS

DATE: JUNE 17, 1985

New Mexico Oil Conservation Commission Order No. R-7940 entered June 12, 1985, defined a "Vulnerable Area" in the San Juan Basin where special rules apply for the disposal of water produced in conjunction with the production of crude oil and/or natural gas. The definition of the "Vulnerable Area" is attached with this memo.

Pursuant to this order, owners and/or operators of any existing pit within the Vulnerable Area receiving produced water must have filed a Pit Registration Form with the Oil Conservation Division by January 1, 1986. A copy of this form, with instructions for use, is attached; additional copies are available at the Aztec district office. For new pits constructed since June 12, 1985, a Pit Registration Form must be filed within 90 days following initial production into or through the facility served by such pit. Any pit not registered in accordance with this order must be closed in a manner approved by the Division.

In addition to pit registration, the order prohibits use of most unlined pits for disposal of produced water within the Vulnerable Area effective January 1, 1987, requires OCD approval of existing lined pits and below grade tanks in the area by January 1, 1986, and requires that surface disposal locations for water removed from the Vulnerable Area be approved by OCD beginning October 1, 1985. A copy of the Rules of Order No. R-7940 is also attached.

If further information is needed, contact the OCD office in Aztec (334-6178) or the main office in Santa Fe at 827-5812.

dr/

attachments

IT IS THEREFORE ORDERED THAT:

(1) Within the San Juan Basin of New Mexico situated within the counties of Rio Arriba, Sandoval, San Juan, and McKinley, there is hereby designated the "Vulnerable Area" constituting the following:

- (a) That area which is defined as being within the valleys of the San Juan, Animas, and La Plata Rivers which is bounded by the topographic line on either side of the river that is 100 vertical feet above the river channel measured perpendicularly to the river channel.
- (b) Those areas outside the above described area in which ground water is subsequently found to be within 50 feet of the ground surface currently to include:

<u>SECTION</u>	<u>TOWNSHIP,</u> <u>NORTH</u>	<u>RANGE</u> <u>WEST</u>	<u>SECTION</u>	<u>TOWNSHIP,</u> <u>NORTH</u>	<u>RANGE</u> <u>WEST</u>
17	28	8	13	30	12
18	28	11	15	30	12
26	28	15	27	30	12
16	29	10	33	30	12
24	29	12	1	30	13
17	29	18	6	30	15
23	29	19	16	30	15
30	29	19	21	30	15
5	30	10	29	30	16
3	30	11	34	30	19
7	30	11	13	31	10
8	30	11	35	31	11
10	30	11	10	32	10
19	30	11	23	32	11
			25	32	12

(c) Those areas that lie between the above-named rivers and the following ditches as shown on United States Geological Survey Quadrangle Maps located in and available for the use of operators at the Division district office at Aztec:

- Highland Park Ditch
- Hillside Thomas Ditch
- Cunningham Ditch
- Farmers Ditch
- Halford Independent Ditch
- Citizens Ditch
- Hammond Ditch

(2) That Special Rules and Regulations governing the disposal of produced water in the Vulnerable Area of McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE DISPOSAL OF
PRODUCED WATER IN THE VULNERABLE AREA IN
MCKINLEY, RIO ARriba, SANDOVAL AND
SAN JUAN COUNTIES, NEW MEXICO.

RULE 1. APPLICABILITY:

These rules shall apply to all produced water disposal within the Vulnerable Area.

These rules shall further apply to all produced water from the Vulnerable Area and to its disposal whether within or without said area.

RULE 2. DEFINITIONS:

- (a) Aquifer: An aquifer is a saturated permeable geologic unit (a geological formation, group of formations, or part of a formation) that can transmit significant quantities of water under ordinary hydraulic gradients.

For purposes of this definition, the word significant means that the water from the aquifer is used for or may reasonably be presumed to be usable for municipal, industrial, domestic, agricultural, or stock watering purposes.

- (b) Fresh Water (to be protected) includes all surface waters and includes all underground waters containing 10,000 milligrams per liter or less of total dissolved solids except for which, after notice and hearing, it is found there is no reasonably foreseeable beneficial use which would be impaired by contamination of such waters.
- (c) Produced Water shall mean those waters produced in conjunction with the production of crude oil and/or natural gas and commonly collected at field storage, processing, or disposal facilities including but not limited to: lease tanks, commingled tank batteries, burn pits, LACT units, dehydrators, and community or lease salt water disposal systems and which may be collected at gas processing plants, pipeline drips and other processing or transportation facilities.
- (d) Produced Water Pit: That pit which receives water produced from primary separation in conjunction with the production of crude oil and/or natural gas

whether or not such pit is located at the site of production.

- (e) Ancillary Pit: Those pits not receiving fluids, from primary separation including but not limited to dehydrator pits, tank drain pits, pipeline drip collector pits, blowdown pits and compressor scrubber pits. Examples are listed below:
- (1) Dehydrator Pit: Those pits which normally receive produced water only from the dehydration unit.
 - (2) Blowdown Pit: Those pits which receive liquid only when a well is blown down.
 - (3) Tank Drain Pit: Those pits which receive water that is drained from a production storage tank.
 - (4) Pipeline Drip Collector Pit: Those pits which receive liquids which accumulate in gas pipelines.
 - (5) Compressor Scrubber Pit: Those pits which receive liquids at the compressor suction in event of primary separator failure.

RULE 3. PROHIBITIONS:

Effective January 1, 1987, within the Vulnerable Area, disposal of produced water or fluids produced in connection with the production of oil and natural gas, or both, in unlined pits or on the surface is prohibited, except for disposal of produced water specifically exempted herein.

RULE 4. EXEMPTIONS:

- (a) The provisions of this order shall not apply to:
- (1) Produced water pits which receive five (5) barrels or less per day (daily) of produced water provided that such produced water has a concentration of total dissolved solids of 10,000 milligrams per liter (mg/l) or less and that the base of such pit is at least 10 feet above the water table.

- (2) Unlined produced water or ancillary pits which receive one-half (1/2) barrel or less per day (daily) of produced water provided that the base of such pit is at least 10 feet above the water table.
 - (3) Any pits, ponds, lagoons or impoundments resulting from activities regulated by a discharge plan approved and permit issued by The Division under Water Quality Control Commission Regulations authorized under the New Mexico Water Quality Act which permit specifically authorizes the disposal of produced water.
- (b) Notwithstanding the exceptions contained in this rule, the surface disposal of produced water in the Vulnerable Area at such a location or in such a manner or under such conditions as to cause contamination of fresh water is hereby prohibited.

RULE 5. SURFACE DISPOSAL FACILITIES TO BE APPROVED:

- (a) Beginning October 1, 1985, no produced water shall be removed from the Vulnerable Area for surface disposal except to such facilities as may be approved by the Division.
- (b) Surface disposal facility approval outside the Vulnerable Area may be made after notice and hearing or administratively upon a satisfactory showing that the proposed surface disposal does not endanger fresh water.
- (c) No produced water may be disposed of or stored in below grade tanks or lined pits within the Vulnerable Area except after approval of the Division.
- (d) The Director of the Division is hereby authorized to approve administratively the use of lined pits or below grade tanks within the Vulnerable Area for disposal or storage of produced water upon a proper showing that the tank or lined pit will be constructed and operated in such a manner as to safely contain the fluids to be placed therein and to detect leakage therefrom. Any existing lined pit or below grade tank shall be required to come into compliance with this rule by January 1, 1986.

RULE 6. PIT REGISTRATION:

- (a) By January 1, 1986, the owner/operator of any existing produced water pit or ancillary pit seeking to continue use of such pit for disposal purposes must have filed a Pit Registration Form with the Division in accordance with the directions thereon as shown on Exhibit "A" attached to this order.
- (b) The owner/operator of any unlined produced water pit or ancillary pit constructed on or after the date of this order must file a Pit Registration Form with the Division within 90 days following initial production into or through the facility served by such pit.

RULE 7. PIT CLOSURE:

That any pit which is not registered in accordance with RULE (6) above shall be closed in a manner approved by the Oil Conservation Division.

IT IS FURTHER ORDERED THAT:

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Chairman and
Secretary

S E A L

STATE OF NEW MEXICO
Energy and Minerals Department

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87501
(505) 827-5800

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1000 Rio Brazos Road
Aztec, New Mexico 87410
(505) 334-6178

PRODUCED WATER
PIT REGISTRATION FORM
(Instructions on Back)

Owner/Operator: _____
(List information only for pits operated by you at a lease or at other locations)

Well and Lease, or Facility Name: _____

Location: _____

(A) Pit	(B) Maximum Daily Discharge to Each Pit	(C) Pit Type	(D) Depth to Ground Water	(E) Sample of Discharge to Each Pit	
				TDS (in mg/l) or conductivity & temperature	Sample Date
Primary Pit/ Produced Water Pit					
Ancillary Pit(s)					

This form is to be completed in accordance with Rule 6 of Order No. R-7940. The owner/operator of any produced water pit or ancillary pit used for disposal purposes within the Vulnerable Area of the San Juan Basin shall file this Pit Registration Form with the District Office and the Santa Fe Office of the Oil Conservation Division.

COLUMN

INSTRUCTIONS

- (A)
Pit List pits operated by you. If no primary pit is present or if discharge is to an ancillary pit, indicate which type ancillary pit receives produced water. Show sizes of all pits (L x W x D, ft.) and label ancillary pits as blowdown, dehydrator, tank drain, pipeline drip, etc. Use additional sheet if necessary.
- (B)
Maximum Daily Discharge to Each Pit Indicate maximum bbls/day and measurement method (counter, flowmeter, other). Specify.
- (C)
Pit Type Indicate:
- (a) Unlined Pit. Effective January 1, 1987, discharges of certain volumes of contaminants to unlined produced water pits will be prohibited. (See Rule 3 and Rule 4 of Order No. R-7940)
- (b) Lined Pit. Approval of Division is required. (See Rule 5 c and d of Order No. R-7940.)
- (c) Tank. Approval of Division is required for below grade tanks. (See Rule 5 c and d of Order No. R-7940).
- (D)
Depth to Ground Water Indicate depth to ground water and whether measured or estimated. Show source of data relied upon for estimate.
- (E)
Discharge to Each Pit TDS (Total Dissolved Solids) in mg/l may be analyzed and reported, or conductivity representing TDS reported. If conductivity is used, temperature of the discharge must be reported. The conductivity probe must be kept clean and free of any oil or paraffin. $TDS (mg/l) = 0.7 \times C$ where C is conductivity in $\mu mhos/cm$. Indicate date of each sample. Effective January 1, 1987, discharges of certain concentrations of contaminants to unlined produced water pits will be prohibited (See Rule 3 and Rule 4 of Order No. R-7940).

Dockets Nos. 37-85 and 38-85 are tentatively set for December 4 and December 18, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 19, 1985

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

CASE 8749: Application of the Oil Conservation Commission on its own motion to rescind Order No. R-1670, as amended, to recodify and amend the General Rules and Regulations for the Prorated Gas Pools contained therein and to amend the special gas prorationing rules for the Atoka-Pennsylvanian, Blinebry, Buffalo Valley-Pennsylvanian, Burton Flat-Morrow, Burton Flat-Strawn, South Carlsbad-Morrow, Crosby-Devonian, Eumont, Indian Basin-Morrow, Indian Basin-Upper Pennsylvanian, Jalmat, Justis-Glorieta, Monument-McKee-Ellenburger, and Tubb Gas Pools of Lea, Eddy and Chaves Counties and the special gas prorationing rules for the Basin-Dakota, Blanco-Mesaverde, South Blanco-Pictured Cliffs, and Tapacito-Pictured Cliffs Gas Pools of San Juan, Sandoval, and Rio Arriba Counties.

CASE 8614: (De Novo)

Application of Yates Petroleum Corporation for an exception to the Special Rules and Regulations for the Bluit-San Andres Associated Pool as promulgated by Division Order R-5353, as amended, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Bluit-San Andres Associated Pool as promulgated by Division Order No. R-5353, as amended, to authorize an unorthodox gas well location for its Bluestem "ZL" Federal Well No. 1 to be located 1650 feet from the North line and 2310 feet from the East line of Section 20, Township 8 South, Range 38 East, the S/2 NE/4 and N/2 SE/4 of said Section 20 to be dedicated to said well forming a non-standard 160-acre gas spacing and proration unit in said pool.

Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8640: (De Novo) (*Readvertised*)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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.

Upon application of Meridian Oil Inc. and El Paso Natural Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8463: (Continued from October 17, 1985, Commission Hearing)

Application of David Fasken for termination of prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating prorationing in the Burton Flat-Morrow Gas Pool located in portions of Townships 20 and 21 South, Ranges 26, 27, and 28 East, and to also cancel all cumulative overproduction and underproduction within said pool.

Upon application of David Fasken this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 21, 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 David R. Catanach, Alternate Examiner:

CASE 8741: (Continued from November 6, 1985, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Rapid Company, Inc., American Employers' Insurance Co. and all other interested parties to appear and show cause why the following wells in Lea County should not be plugged and abandoned in accordance with a Division-approved plugging program:

Punch No. 1	Unit J	Sec. 11, T-12S, R-34E
Ranger Lake No. 1	Unit N	Sec. 11, T-12S, R-34E
Ranger Lake No. 3	Unit N	Sec. 11, T-12S, R-34E
Texas Pacific AH State No. 1	Unit F	Sec. 14, T-12S, R-34E
Ranger Lake SWD No. 1	Unit H	Sec. 15, T-12S, R-34E

CASE 8673: (Continued from November 6, 1985, Examiner Hearing)

Application of Chevron USA Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Trooper Unit Area comprising 2,880 acres, more or less, of State lands in Township 11 South, Range 35 East.

CASE 8748: (Called at the October 21, 1985 Hearing)

Application of Sun Exploration and Production Company for a non-standard gas proration unit, compulsory pooling and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SE/4 of Section 25 and the NE/4 NE/4 of Section 36, both in Township 24 South, Range 36 East, forming a 200-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool. Applicant further seeks an order pooling all mineral interests in the Langlie-Mattix Pool underlying the NW/4 SE/4 of said Section 25 to form a standard 40-acre oil spacing and proration unit, both aforementioned units to be dedicated to a well to be drilled at a standard location 1980 feet from the South and East lines of said Section 25 and dually completed (conventional) in such a manner as to produce oil from the Langlie-Mattix Pool and gas from the Jalmat Gas Pool through parallel strings of tubing. 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 8722: (Continued and Readvertised)

Application of Doyle Hartman for a non-standard gas proration unit, compulsory pooling, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SE/4 of Section 25 and the NE/4 NE/4 of Section 36, both in Township 24 South, Range 36 East, forming a 200-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool to be dedicated to a well to be drilled at an unorthodox gas well location 1500 feet from the South line and 1200 feet from the East line 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.

CASE 8730: (Continued and Readvertised)

Application of Ray Westall for dual completion and salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete the Texas Crude Oil Co. Tennessee Federal Well No. 1 located 1980 feet from the South line and 660 feet from the East line (Unit 1) of Section 21, Township 19 South, Range 31 East, North Hackberry Yates-Seven Rivers Pool, in such a manner as to produce oil from the Yates formation and to dispose of produced salt water into the Seven Rivers formation in the perforated and open hole interval from approximately 2420 feet to 2581 feet through parallel strings of tubing.

- CASE 8750: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Bagley State Unit Area comprising 1105.77 acres, more or less, of State lands in Township 12 South, Range 34 East.
- CASE 8751: Application of Merrion Oil & Gas Corporation for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Entrada formation 2310 feet from the North line and 1200 feet from the East line of Section 36, Township 20 North, Range 5 West, the SE/4 NE/4 (Unit H) of said Section 36 to be dedicated to the well.
- CASE 8752: Application of Merrion Oil & Gas Corporation for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Entrada formation 1200 feet from the South line and 650 feet from the East line of Section 28, Township 20 North, Range 6 West, the SE/4 SE/4 (Unit P) of said Section 28 to be dedicated to the well.
- CASE 8753: Application of Mallon Oil Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the N/2 of Section 13, Township 25 North, Range 2 West, 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.
- CASE 8754: Application of McClellan Oil Corporation for a non-standard oil proration unit and an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 51.02-acre non-standard oil spacing and proration unit comprising Lots 1 and 2 of Section 19, Township 16 South, Range 29 East, to be drilled at an unorthodox oil well location 1330 feet from the North line and 421 feet from the West line of said Section 19 to test the High Lonesome-Queen Pool.
- CASE 8755: Application of TXO Production Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from 4,825 feet beneath the surface to the base of the Bone Spring formation underlying the SW/4 NW/4 of Section 26, Township 18 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit 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.
- CASE 8756: Application of Cibola Energy Corporation for salt water disposal, Chaves 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 2234 feet to 2298 feet in its Aciete Negra Well No. 2 located 1650 feet from the South line and 1200 feet from the East line (Unit I) of Section 12, Township 9 South, Range 27 East.
- CASE 8757: Application of Cibola Energy Corporation for salt water disposal, Chaves 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 2209 feet to 2241 feet in its Plains 29 Well No. 9 located 990 feet from the North and West lines of Section 29, Township 10 South, Range 28 East, Undesignated Race Track-San Andres Pool.
- CASE 8758: Application of Monsanto Company for an unorthodox gas well location, dual completion, and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of a well to be drilled at an unorthodox gas well location 330 feet from the South and West lines of Section 36, Township 21 South, Range 23 East, to produce gas from the Indian Basin-Upper Pennsylvanian and Indian Basin-Morrow Gas Pools, all of said Section 36 to be simultaneously dedicated in both zones to the well and to their existing Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line of said Section 36.
- CASE 8759: Application of Penroc Oil Corporation for HARSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Madera Com Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, Township 24 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

- CASE 8760: Application of Western Oil Producers, Inc. for a non-standard proration and spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration and spacing unit for Queen formation gas production comprising the E/2 SW/4 of Section 3; Township 19 South, Range 35 East, to be dedicated to the applicant's Fee "KJ" Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 3.
- CASE 8761: Application of Chaveroo Operating 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 Vacuum Grayburg-San Andres Pool in the perforated interval from approximately 4804 feet to 5212 feet in the Apollo Energy, Inc. State G-36 Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 17 South, Range 35 East.
- CASE 8762: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its Florance Well No. 36 located 1850 feet from the North line and 990 feet from the East line (Unit H) of Section 3, Township 30 North, Range 8 West.
- CASE 8763: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its State Com Well No. 1 located 990 feet from the South and West lines (Unit M) of Section 32, Township 30 North, Range 9 West.
- CASE 8764: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its Dawson "A" Well No. 1 located 790 feet from the South line and 1450 feet from the West line (Unit N) of Section 4, Township 27 North, Range 8 West.
- CASE 8765: Application of Tenneco Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Basin Dakota and Blanco Mesaverde Gas Pools in the wellbore of its Florance Well No. 6 located 990 feet from the South and West lines (Unit M) of Section 23, Township 30 North, Range 9 West.
- CASE 8766: Application of Reading & Bates Petroleum Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying the E/2 of Section 15, Township 25 North, Range 2 West, 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 8767: Application of Amoco Production Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the perforated interval from approximately 7272 feet to 7304 feet in its State "DQ" Well No. 3 located 2305 feet from the North line and 2290 feet from the East line (Unit G) of Section 32, Township 9 South, Range 30 East, Undesignated Many Gates-Wolfcamp Pool.
- CASE 8768: Application of Union Texas Petroleum Corporation for an extension of the West Lindrith Gallup-Dakota Oil Pool, and the contraction of the Otero-Gallup Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order contracting the Otero-Gallup Oil Pool by deleting therefrom a portion of said pool in Sections 33 and 34, Township 25 North, Range 5 West, and Sections 1, 2, 3, 4, 9, and 10, Township 24 North, Range 5 West, and extending the West Lindrith Gallup-Dakota Oil Pool to include portions of the aforementioned area.

CASE 3735: (Continued from November 6, 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 top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of Section 2, Township 19 South, Range 28 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 3736: (Continued from November 6, 1985, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the N/2 of Section 13, Township 25 North, Range 2 West, Basin-Dakota Pool, 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 8737: (Continued from November 6, 1985, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Chaves 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 SW/4 of Section 30, Township 15 South, Range 28 East, and all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of said Section 30, 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 8769: Application of Doyle Hartman 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 Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit 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.

CASE 8770: Application of Doyle Hartman for non-standard proration unit, two unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an approval of the drilling of two wells to be located at unorthodox gas well locations, the first of which is to be located 2310 feet from the North line and 100 feet from the East line of Section 20 and the second to be located 2145 feet from the North line and 1600 feet from the West line of Section 21, both in Township 22 South, Range 36 East, Jalmat Gas Pool. Applicant further seeks an approval of a 320-acre non-standard gas spacing and proration unit comprising the NE/4 of said Section 20 and the NW/4 of said Section 21 to be simultaneously dedicated to his two proposed aforementioned wells as described above and to his existing Boren & Greer Gas Com Well Nos. 1, 2, and 3 located in Units D and C of said Section 21 and Unit A of said Section 20, respectively.

Dockets Nos. 20-86 and 21-86 are tentatively set for June 25 and July 9, 1986. Applications for hearing must be filed at least 12 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 12, 1986
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:

- CASE 8909: In the matter of the hearing called by the Oil Conservation Division on its own motion to amend Rule 312 to provide for administrative approval of applications for treating plants, to require a cash or surety bond sufficient for surface reclamation of the treating plant facility site, and to additionally condition the bond upon land surface reclamation to OCD standards.
- CASE 8910: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. F. Roberts, Jr., Great American Insurance Company, and other interested parties to appear and show cause why the Bogle Farms SWD Well No.1 located 660 feet from the South and West lines of Section 16, Township 11 South, Range 34 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 8911: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit I. & W., Inc. to appear and show cause why its Form C-133, Authorization to Haul Water, should not be cancelled for non-compliance with Oil Conservation Division's regulations.
- CASE 8912: Application of Parabo, Inc. 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 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.
- CASE 8913: Application of Exxon Corporation for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 525 feet from the West line of Section 7, Township 17 South, Range 29 East, Undesignated South Empire-Morrow Gas Pool, the NE/4, E/2 NW/4, and Lots 1 and 2 of said Section 7 to be dedicated to said well forming a 292.32-acre non-standard gas spacing and proration unit.
- CASE 8914: Application of Chase Energy, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Slick Rock-Dakota Oil Pool in the open-hole interval from 750 feet to 758 feet in their DEB Well No. 18 located 510 feet from the South line and 420 feet from the East line (Unit P) of Section 36, Township 30 North, Range 17 West.
- CASE 8891: (Continued from May 28, 1986, Examiner Hearing)
- Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Hartman Well No. 1-E to be drilled 1230 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Basin-Dakota Pool, the E/2 of said Section 22 to be dedicated to the well.
- CASE 8892: (Continued from May 28, 1986, Examiner Hearing)
- Application of Manana Gas, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its proposed Nancy Hartman Well No. 1 to be drilled 1100 feet from the North line and 55 feet from the East line of Section 22, Township 29 North, Range 11 West, Bloomfield-Chacra Pool, the NE/4 of said Section 22 to be dedicated to the well.
- CASE 8915: (This case will be continued to June 25, 1986)
- Application of Tenneco Oil Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of four wells to the Basin-

Dakota Pool on its City of Farmington Lease, all in Section 10, Township 29 North, Range 13 West, Farmington city limits, as follows:

- 1) Well No. 1
Surface Location (S.L.) - 2160' FSL - 1591' FEL
Bottom Hole Location (B.H.L.) - 1750' FSL - 1775' FEL
- 2) Well No. 1-E
S.L. - 2203' FSL - 1653' FEL
B.H.L. - 1650' FN & EL
- 3) Well No. 2
S.L. - 2159' FSL - 1712' FEL
B.H.L. - 1650' FS & WL
- 4) Well No. 2-E
S.L. - 2246' FSL - 1712' FEL
B.H.L. - 1650' FN & WL

Wells Nos. 1 and 1-E to be dedicated to the E/2 of said Section 10 and Wells Nos. 2 and 2E to be dedicated to the W/2 of said Section 10.

CASE 8870: (Continued from May 28, 1986, Examiner Hearing)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in to the Cisco and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

CASE 8874: (Continued from May 28, 1986, Examiner Hearing)

Application of Union Texas Petroleum Corporation for Pool Reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules therefor.

CASE 8916: Application of Yates Drilling Company for waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Yates Artesia Metex Unit Waterflood Project, authorized by Division Order No. R-4609, dated August 13, 1973, by converting its Artesia Metex Unit Well No. 35 located 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 18 South, Range 27 East, Artesia-Queen-Grayburg-San Andres Pool, Artesia Metex Unit Area, from a producing oil well to a water injection well.

CASE 8818: (Continued from May 28, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Avalon-Delaware Pool in the perforated interval from 2595 feet to 3685 feet in its Stonewall "YE" State Well No. 1 located 1650 feet from the South line and 1980 feet from the East line (Unit J), Section 30, Township 20 South, Range 28 East. In the absence of objection, this case will be approved pursuant to Division Rules and Regulations.

CASE 8848: (Continued from May 14, 1986, Examiner Hearing)

Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following three wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
- 2) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,

- 3) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

Case 8649: (Continued from May 14, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

Case 8917: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 10, Township 19 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1935 Well No. 101 located 1650 feet from the North and West lines (Unit F) of said Section 10. 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 8918: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 1, Township 19 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1935 Well No. 011 located 1980 feet from the South and West lines (Unit K) of said Section 1. 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 charge for risk involved in drilling said well.

Case 8919: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 9, Township 19 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1935 Well No. 091 located 2310 feet from the South and West lines (Unit K) of said Section 9. 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 8920: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimmaron Anhydrite Marker to the top of the PreCambrian Basement underlying all of Section 13, Township 19 North, Range 34 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit 1934 Well No. 131 located 660 feet from the North line and 1973 feet from the East line (Unit B) 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.

CASE 8921: Application of Amoco Production Company for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Brantley Gas Com Well No. 1 located 1880 feet from the South line and 2080 feet from the West line (Unit K) of Section 22, Township 23 South, Range 28 East, North Loving-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8922: Application of Amoco Production Company for the reinstatement of cancelled underproduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled for the 1983-84 and 1984-85 proration periods for the existing 640-acre standard gas proration unit comprising all of Section 11, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool and dedicated to its Smith Federal Well No. 1 located 1650 feet from the North and West lines (Unit F) of said Section 11.

CASE 8923: Application of Amoco Production Company for the reinstatement of cancelled underproduction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled for the 1983-84 and 1984-85 proration periods for the existing 640-acre standard gas proration unit comprising all of Section 12, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool and dedicated to its Smith Federal Gas Com Well No. 1 located 1650 feet from the North line and 2310 feet from the West line (Unit F) of said Section 12.

Docket No. 19-86

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 19, 1986
9 A.M. - OIL CONSERVATION COMMISSION, ROOM 205, STATE
LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8924: Application of Lewis B. Burleson, Inc. for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 150-acre non-standard gas spacing and proration unit comprising the following described acreage in Township 25 South, Range 37 East, Jalmat Gas Pool:

- E/2 NW/4 (80 acres);
- NW/4 NE/4 (40 acres);
- W/2 NE/4 NE/4 (20 acres); and
- W/2 E/2 NE/4 NE/4 (10 acres);

Applicant further seeks approval for an unorthodox gas well location 1980 feet from the North line and 2180 feet from the West line of said Section 22, to be dedicated to the above-described non-standard proration unit.

CASE 8690: (Continued from May 20, 1986, Commission Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 400-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 400-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2, and 3. Applicant further seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above non-standard proration unit. 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. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8902: (Continued from May 20, 1986, Commission Hearing)

Application of Doyle Hartman for compulsory pooling, two non-standard proration units, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of a well located at an unorthodox well location, 1650 feet from the South line and 660 feet from the West line of Section 22, Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 of Section 22, and the W/2 NW/4 and SE/4 NW/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval of the simultaneous dedication of said 200-acre non-standard proration unit to the subject well in the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2 and 3. Applicant also seeks the approval of an unorthodox well location 330 feet from the North line and 1650 feet from the West line of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, to be dedicated to a 200-acre non-standard gas proration unit comprising the W/2 SE/4 of Section 22, and the NE/4 NW/4 and the W/2 NE/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool only, and an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying this non-standard proration unit. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 8761: (De Novo)

Application of Chaveroo Operating 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 Vacuum Grayburg-San Andres Pool in the perforated interval from approximately 4804 feet to 5212 feet in the Apollo Energy, Inc. State G-36 Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 17 South, Range 35 East. Upon application of Chaveroo Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8865: (De Novo)

Application of Santa Fe Exploration Company for Hardship Gas Well Classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Exxon State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 2, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste. Upon application of Santa Fe Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8640: (De Novo) (Readvertised)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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. Upon application of Meridian Oil Inc. and El Paso Natural Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8901: (Continued from May 20, 1986, Commission Hearing)

Application of Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc., and Abo Petroleum Corporation for determination of reasonable well costs, Chaves County, New Mexico. The

New Mexico Oil Conservation Commission issued Division Order No. R-7393 on December 2, 1983 for Case No. 7984, which compulsorily pooled all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, forming a standard 160-acre gas spacing and proration unit and all mineral interests from the top of the Wolfcamp formation to the PreCambrian underlying the W/2 of said Section 20, forming a standard 320-acre gas spacing and proration unit, named Jack J. Grynberg the operator of the units, and established a well costs schedule for each zone based on proposed total depth and depth of the Abo zone. Applicants, in the above-styled cause, as interest owners in the Grynberg State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 which was drilled pursuant to the compulsory pooling provisions of said Order No. R-7393, now seeks an order ascertaining the reasonableness of actual well costs for the subject well.

Dockets Nos. 8-86 and 9-86 are tentatively set for March 5, and March 19, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1986

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 8825: Application of C. K. Kinsolving d/b/a/ Kenneth Tank Service for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 of Section 35, Township 9 South, Range 35 East.

CASE 8826: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the N/2 SE/4 of Section 8, Township 16 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 8820: (Continued from February 5, 1986, Examiner Hearing)
Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration 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.

CASE 8827: Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3,500 feet to 5,600 feet underlying the NE/4 SW/4 of Section 12, Township 26 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 8828: Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3,500 feet to 5,600 feet underlying the SW/4 NW/4 of Section 12, Township 26 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 8819: (Continued from February 5, 1986, Examiner Hearing)
Application of The Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 3500 feet to 5600 feet underlying the SE/4 SW/4 of Section 12, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit, to be dedicated to a well located 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.

- CASE 8829: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimarron Anhydrite Marker to the top of the Precambrian Basement underlying all of Section 33, Township 20 North, Range 35 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit, to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit Well No. 2035-311K located 2310 feet from the South line and 1650 feet from the West line of said Section 33. 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 8830: Application of Amoco Production Company for compulsory pooling, Union County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Tubb formation from the base of the Cimarron Anhydrite Marker to the top of the Precambrian Basement underlying all of Section 33, Township 19 North, Range 34 East, forming a standard 640-acre carbon dioxide gas spacing and proration unit to be dedicated to its Bravo Dome Carbon Dioxide Gas Unit Well No. 1934-331G located 1980 feet from the North and East lines of said Section 33. 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 8014: (Reopened)
- In the matter of Case 8014 being reopened pursuant to the provisions of Order No. R-7588 which order promulgated temporary special rules and regulations for the Cedar Hill-Fruitland Basal Coal Pool in San Juan County, including a provision for 320-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing and proration units.
- CASE 8831: Application of Inexco Oil Company for compulsory pooling and an unorthodox 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 Strawn formation underlying the SE/4 NE/4 and all mineral interests in the Undesignated South Humble City-Strawn Pool underlying the S/2 NE/4 of Section 14, Township 17 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox well location 1800 feet from the North line and 500 feet from the East line 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.
- CASE 8773: (Continued from January 22, 1986, Examiner Hearing)
- Application of Bliss Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing J. W. Grizzell "A" Well No. 1 located 1034 feet from the South line and 2635 feet from the West line of Section 5, Township 22 South, Range 37 East, San Andres formation, the SW/4 of said Section 5 to be dedicated to said well.
- CASE 8810: (Continued from February 5, 1986, Examiner Hearing)
- Application of Bliss Petroleum, Inc. for an exception to the special rules and regulations for the Dean Permo-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations of the Dean Permo-Pennsylvanian Pool, as promulgated by Division Order No. R-892, authorizing a 40-acre non-standard oil spacing and proration unit comprising the SW/4 NW/4 of Section 35, Township 15 South, Range 36 East, to be dedicated to a well to be located at a standard oil well location thereon.

CASE 8823: (Continued from February 5, 1986, Examiner Hearing)

Application of Nearburg Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South line and 760 feet from the East line of Section 23, Township 20 South, Range 34 East, Pennsylvanian formation, the S/2 of said Section 23 to be dedicated to the well.

CASE 8689: (Continued from February 5, 1986, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying a previously approved 120-acre non-standard proration unit comprising the N/2 NW/4 and SW/4 NW/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to its Justis Christmas Gas Com Well No. 1 located 2225 feet from the North line and 790 feet from the West line of said Section 20. 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 8832: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line of Section 13, Township 12 South, Range 34 East, to test the Undesignated West Ranger Lake-Devonian Gas Pool, the W/2 of said Section 13 to be dedicated to the well.CASE 8833: Application of V-F Petroleum, Inc. for an exception to the special pool rules and regulations of the Dean Permo-Pennsylvanian Pool as promulgated by Division Order No. R-892, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations of the Dean Permo-Pennsylvanian Pool as promulgated by Division Order No. R-892 to permit applicant to complete its ARCO State Lease Well No. 1 located at an unorthodox oil well location 1980 feet from the South line and 660 feet from the West line of Section 35, Township 15 South, Range 36 East, the NW/4 SW/4 (Unit L) of said Section 35 to be dedicated to the well forming a non-standard oil spacing and proration unit.CASE 8834: Application of Cities Service Oil & Gas Corporation for pool creation, special pool rules, discovery allowable, and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bough "C" Pennsylvanian production comprising the W/2 SW/4 of Section 25, Township 13 South, Range 34 East, and the promulgation of temporary special rules therefor including a provision for 80-acre spacing and designated well locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Elkan "A" Well No. 1 located at an unorthodox location for the proposed special pool rules 1650 feet from the South line and 990 feet from the West line of said Section 25.CASE 8807: (Continued from January 22, 1986, Examiner Hearing)

Application of Joseph S. Sprinkle for a determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as an interest owner in the TXO Production Corporation Sprinkle Federal Well No. 1 located 660 feet from the North and West lines of Section 26, Township 18 South, Range 32 East, Querecho Plains-Upper Bone Spring Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order No. R-7850, entered in Case No. 8494 and dated March 14, 1985, and to which is dedicated the NW/4 NW/4 (Unit D) of said Section 26, seeks an order ascertaining the reasonableness of actual well costs for the subject well.

DOCKET: COMMISSION HEARING - WEDNESDAY - FEBRUARY 26, 1986OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE
LAND OFFICE BUILDING, SANTA FE, NEW MEXICOCASE 8749: (Continued from January 7, 1986, Commission Hearing)

Application of the Oil Conservation Commission on its own motion to rescind Order No. R-1670, as amended, to recodify and amend the General Rules and Regulations for the Prorated Gas Pools contained therein and to amend the special gas prorationing rules for the Atoka-Pennsylvanian, Blinebry, Buffalo Valley-Pennsylvanian, Burton Flat-Morrow, Burton Flat-Strawn, South Carlsbad-Morrow, Crosby-Devonian, Eumont, Indian Basin-Morrow, Indian Basin-Upper Pennsylvanian, Jalmat, Justis-Glorieta, Monument McKee-Ellenburger, and Tubb Gas Pools of Lea, Eddy and Chaves Counties, and the special gas prorationing rules for the Basin-Dakota, Blanco-Mesaverde, South Blanco-Pictured Cliffs, and Tapacito-Pictured Cliffs Gas Pools of San Juan, Sandoval, and Rio Arriba Counties.

CASE 8792: (Continued from January 7, 1986, Commission Hearing)

Application of Northwest Pipeline Corporation to amend Oil Conservation Division Rule 403, Rule 1100, Rule 1111, and Form C-111. Applicant, in the above-styled cause, seeks the proposed amendments to clarify the rules and duties of gas transporters and gas purchasers under the Division's General Rules.

CASE 8835: Application of the Oil Conservation Division on its own motion to require Division approval of all commercial and centralized oil field fluid waste collection or disposal facilities utilizing ponds, pits, and below grade tanks in McKinley, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant also seeks to require commercial disposal pit operators to keep and make available records on the volume, source, dates, and type of oil field fluid waste received, and the hauling companies using their facilities. Copies of the proposed rules are available at Santa Fe and at the Aztec District office.CASE 8463: (Continued from January 7, 1986, Commission Hearing)(This case will be dismissed)

Application of David Fasken for termination of prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating prorationing in the Burton Flat-Morrow Gas Pool located in portions of Townships 20 and 21 South, Ranges 26, 27, and 28 East, and to also cancel all cumulative overproduction and underproduction within said pool.

Upon application of David Fasken this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8796: (Continued from January 7, 1986, Commission Hearing)

Application of Rio Pecos Corporation for enforcement of the Common Purchaser Requirements of Section 70-2-19 NMSA, 1978 (1984 Supplement) and other pertinent provisions of the Oil and Gas Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order requiring El Paso Natural Gas Company to purchase the applicant's share of gas production from the Yates Petroleum Corporation Little Box Canyon Unit Well No. 5 located 800 feet from the South line and 1600 feet from the West line of Section 7, Township 21 South, Range 22 East, without discrimination as to price paid, quantities purchased, bases of measurement or gas transportation facilities afforded as compared to gas from other wells of like quantity, quality, and pressure. Applicant further seeks an order requiring El Paso Natural Gas Company to take ratably the gas produced from aforementioned well and any such other relief as may be appropriate.

CASE 8640: (Continued from January 7, 1986, Commission Hearing)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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.

Upon application of Meridian Oil Inc. and El Paso Natural Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8712: (De Novo)

Application of Kimbell Oil Company of Texas for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Salazar Well No. 4-E located 1630 feet from the North line and 1460 feet from the West line (Unit F) of Section 34, Township 25 North, Range 6 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Kimbell Oil Company of Texas, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8690: (De Novo)

Application of Doyle Hartman for compulsory pooling, a non-standard proration unit, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of two wells to be located at unorthodox well locations, the first of which is to be at least 1325 feet from the South line but not more than 1650 feet from the South line and at least 660 feet from the West line but not more than 850 feet from the West line of Section 22, and the second of which is to be at least 250 feet from the North line but not more than 990 feet from the North line and at least 660 feet from the West line but not more than 1980 feet from the West line of Section 27, all in Township 25 South, Range 37 East, Jalmat Gas Pool and Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of a 400-acre non-standard gas proration unit in the Jalmat Gas Pool only, comprising the W/2 SW/4 and W/2 SE/4 of Section 22 and the NW/4 and W/2 NE/4 of Section 27, Township 25 South, Range 37 East, which cannot be so drained by the existing Jalmat wells. Applicant further seeks approval for the simultaneous dedication of said 400-acre non-standard Jalmat proration unit to the subject wells and the currently producing Carlson-Harrison Federal Com Well Nos. 1, 2, and 3. Applicant further seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the above non-standard proration unit. 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.

Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8219: (De Novo)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Little Squaw Comm. Well No. 1 located in Unit F of Section 27, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Dinero Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8220: (De Novo)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Big Chief Comm. Well No. 4 located in Unit N of Section 15, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Dinero Operating Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8755: (De Novo)

Application of TXO Production Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause seeks an order pooling all mineral interests in all formations from 4,825 feet beneath the surface to the base of the Bone Spring formation underlying the SW/4 NW/4 of Section 26, Township 18 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit 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.

Upon application of TXO Production Corp. this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 26-86 and 27-86 are tentatively set for August 20 and September 3, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 6, 1986
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:

CASE 8941: (Readvertised)

Application of BCO, Inc. for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause seeks approval of the Alamito (State) Unit Area comprising 640 acres, more or less, of State lands, all in Section 32, Township 23 North, Range 7 West.

CASE 8954: Application of Osborn Heirs 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 Devonian formation in the open-hole interval from approximately 12,887 feet to 12,951 feet in its Mattie Price Well No. 6 located 1820 feet from the North line and 2310 feet from the East line (Unit G) of Section 6, Township 17 South, Range 38 East.

CASE 8912: (Continued from July 23, 1986, Examiner Hearing)

Application of Parabo, Inc. 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 4300 feet to 4950 feet in its Royalty Holding Well No. 4, located 660 feet from the North and East lines of Section 25, Township 21 South, Range 37 East.

CASE 8955: Application of A. L. Dawsey for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed El Vado Well No. 2 to be drilled 1770 feet from the South line and 970 feet from the East line of Section 11, Township 27 North, Range 1 East, Undesignated East Puerto Chiquito-Mancos Oil Pool, the SE/4 of said Section 11 to be dedicated to the well.

CASE 8956: Application of Cibola Energy Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Hadley Well No. 1 to be drilled 2290 feet from the North line and 1200 feet from the East line of Section 36, Township 10 South, Range 27 East, Wildcat Devonian Pool, the SE/4 NE/4 of said Section 36 to be dedicated to the well.

CASE 8934: (Readvertised)

Application of Amstar Energy 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 Bone Spring, Wolfcamp, Cisco, Canyon, Strawn, Atoka, Morrow and Devonian formations in the perforated interval from approximately 9600 feet to 14,800 feet in the Mid-American Petroleum, Inc. New Mexico State "A" Well No. 1 located 660 feet from the South line and 2080 feet from the East line (Unit O) of Section 35, Township 18 South, Range 34 East, Undesignated Air Strip Bone Spring Pool or Undesignated Scharb Bone Spring Pool, Air Strip Wolfcamp Pool, and East La Rica Morrow Gas Pool.

CASE 8936: (Continued from July 23, 1986, Examiner Hearing)

Application of Santa Fe Energy 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 base of the Morrow formation, underlying either the SW/4 NW/4 of Section 33, Township 23 South, Range 31 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the W/2 of said Section 33 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, both aforementioned units 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 8820: (Continued from July 23, 1986, Examiner Hearing)

Application of Santa Fe Energy Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Strawn, Atoka, and Morrow formations underlying the W/2 of Section 24, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration 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.

CASE 8957: Application of TXO Production Corporation for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit comprising the NW/4 of Section 12, Township 22 South, Range 27 East, Wildcat Wolfcamp Pool, to be dedicated to a well to be drilled at a standard location in said Section 12.CASE 8939: (Continued from July 23, 1986, Examiner Hearing)

Application of Yates 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 Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3 located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from July 23, 1986, Examiner Hearing)

Application of Yates 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 Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8958: Application of Amoco Production Company for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its State FQ Gas Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 26, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8595: (Reopened)

In the matter of Case 8595 being reopened pursuant to the provisions of Order No. R-7983 which order promulgated temporary special rules and regulations for the Northeast Caudill-Wolfcamp Pool in Lea County including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing and proration units.

CASE 8959: Application of Trobaugh Properties for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the open-hole interval from approximately 3774 feet to 3805 feet in its Lynch Well No. 1 located 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 35, Township 20 South, Range 34 East.CASE 8960: Application of Marathon Oil 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 Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East, to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, said unit 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 8966: Application of Tenneco Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 330 feet from the North line and 2308 feet from the East line of Section 24, Township 12 South, Range 34 East, Undesignated Ranger Lake-Pennsylvanian Pool, the W/2 NE/4 of said Section 24 to be dedicated to the well.

CASE 8949: (Continued from July 23, 1986, Examiner Hearing)

Application of Mobil Producing Texas and New Mexico, Inc. for pool creation, special pool rules, discovery allowable, and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production comprising either the N/2 NE/4 or the E/2 NE/4 of Section 1, Township 17 South, Range 35 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre spacing and designated locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Lovington Deep State Well No. 1 located at an unorthodox oil well location for the proposed special pool rules 823 feet from the North line and 581 feet from the East line of said Section 1.

CASE 8961: Application of Mesa Grande Resources, Inc. for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 186.36-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 18, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well drilled at a standard location thereon.

CASE 8962: Application of Mesa Grande Resources, Inc. for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 185.84-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 3 and 4 of Section 7, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well drilled at a standard location thereon.

CASE 8963: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the W/2 of Section 16, Township 25 North, Range 2 West, 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 8964: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 23, Township 25 North, Range 2 West, 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 8965: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the S/2 of Section 26, Township 25 North, Range 2 West, 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 8948: (Continued from July 23, 1986, Examiner Hearing)

Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the S/2 of Section 26, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, 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 8849: (Continued from June 12, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

CASE 8967: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Lea County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Big Dog-Strawn Pool. The discovery well is the Michell Energy Corporation Baer Well No. 1 located in Unit F of Section 32, Township 15 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 32: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Northeast Jenkins-San Andres Pool. The discovery well is the BTA Oil Producers Hugo 693 Ltd Well No. 2 located in Unit L of Section 15, Township 9 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 15: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Reeves-Delaware Pool. The discovery well is the Mewbourne Oil Company Federal Well No. 1 located in Unit J of Section 14, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 14: SE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the Sarmal-Queen Pool. The discovery well is the Yates Petroleum Corporation Hoover ADR State Well No. 1 located in Unit I of Section 1, 17 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 1: SE/4

- (e) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: S/2

- (f) EXTEND the Eumont Yates-Seven Rivers-Queen Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 3: SW/4
Section 10: N/2 and SE/4

- (g) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 23: SE/4

- (h) EXTEND the Ranger Lake-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 13: SW/4

- (i) EXTEND the South Salt Lake-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 25: W/2
Section 36: NW/4

- (j) EXTEND the Skaggs-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 13: NW/4

- (k) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 1: Lots 9, 10, 15, and 16

CASE 8953: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

- (g) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 7: SW/4
Section 26: NW/4
Section 27: N/2

- (h) EXTEND the Counselors Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM
Section 5: N/2
Section 6: E/2
Section 17: NW/4

- (i) EXTEND the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM
Section 1: SW/4
Section 17: E/2
Section 20: NE/4

- (j) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 9: NE/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 25: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 23: NW/4

- (k) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM
Section 6: W/2 W/2
Section 7: W/2 NW/4 and N/2 SE/4

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 1: NE/4 NE/4
Section 24: E/2, S/2 SW/4, and NE/4 SW/4
Section 25: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 21: N/2 and SE/4
Section 28: NE/4

(m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 21 NORTH, RANGE 6 WEST, NMPM
Section 1: W/2
Section 12: E/2

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
Section 28: NW/4

Docket No. 24-86

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 7, 1986
OIL CONSERVATION COMMISSION - 8:15 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8890: (De Novo)

Application of Northwest Pipeline Corp. 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. Upon application of Northwest Pipeline Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8859: (De Novo)

Application of Robert E. Chandler Corporation for an amendment to Division Order No. R-8047, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8047 by which compulsorily pooled the NE/4 SW/4 of Section 7, Township 22 South, Range 38 East, extending the effective dates of this order, including the commencement date of the subject well and a provision declaring certain leasehold interests to be excessive burdens and authorizing the applicant to recover out of production its well costs and risk factor penalty before any such excessive leasehold interests are paid. Upon application of Michael L. Klein, John H. Hendrix, John H. Hendrix Corporation, and Ronnie H. Westbrook, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8901: (Continued from June 19, 1986, Commission Hearing)

Application of Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc., and Abo Petroleum Corporation for determination of reasonable well costs, Chaves County, New Mexico. The New Mexico Oil Conservation Commission issued Division Order No. R-7393 on December 2, 1983 for Case No. 7984, which compulsorily pooled all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, forming a standard 160-acre gas spacing and proration unit and all mineral interests from the top of the Wolfcamp formation to the PreCambrian underlying the W/2 of said Section 20, forming a standard 320-acre gas spacing and proration unit, named Jack J. Grynberg the operator of the units, and established a well costs schedule for each zone based on proposed total depth and depth of the Abo zone. Applicants, in the above-styled cause, as interest owners in the Grynberg State Com Well No. 1 located 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 which was drilled pursuant to the compulsory pooling provisions of said Order No. R-7393, now seeks an order ascertaining the reasonableness of actual well costs for the subject well.

CASE 8640: (Continued from June 19, 1986, Commission Hearing) (De Novo)

Application of Caulkins Oil Company for compulsory pooling, downhole commingling, and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools underlying the N/2 of Section 20, Township 26 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in both zones, and in the Pictured Cliffs and Chacra formations underlying the NE/4 of said Section 20, forming a standard 160-acre gas spacing and proration unit in both of these zones, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks approval to dually complete said well in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid

intervals dually completed with commingled Pictured Cliffs and Chacra production and both commingled zones produced through parallel strings of tubing. 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. Upon application of Meridian Oil Inc. and El Paso Natural Gas Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8946: (Continued from July 23, 1986, Examiner Hearing)

Application of Jerome P. McHugh and Associates for an amendment to the special rules and regulations of the Gavilan-Mancos Oil Pool, promulgated by Division Order No. R-7407, to establish temporary special production allowable limitations and gas-oil ratio limitations for said pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-7407, dated December 20, 1983, to include therein a special temporary production allowable of 200 barrels of oil per day for a standard 320-acre spacing and proration unit and a special temporary gas-oil ratio limitation factor of 1,000 cubic feet of gas per barrel of oil produced.

CASE 8950: (Readvertised)

Application of Benson-Montin-Greer Drilling Corporation for the amendment to the special rules and regulations of the West Puerto Chiquito-Mancos Oil Pool as promulgated by Division Order No. R-3401, and to establish temporary special production allowable limitations and gas-oil ratio limitations, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Commission by Division Order No. R-3401, dated April 11, 1968, issued in Case No. 3743, established Special Rules and Regulations for the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project, including a special gas-oil ratio of 2000 to 1 for the West Puerto Chiquito-Mancos Oil Pool. Applicant, in the above-styled cause, now seeks amendment of said Order No. R-3401 to provide for a special gas-oil ratio of 1000 to 1 and the establishment of a production limitation factor of 400 barrels of oil per day for each 640-acre spacing unit in the pool.

CASE 8951: (Continued from July 23, 1986, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-8124, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Division by Division Order No. R-8124, dated January 16, 1986, issued in Case 8745, authorized the applicant to conduct a long-term reservoir pressure test in the Mancos formation using certain wells in Rio Arriba County and further authorized the shut-in of certain wells and provided six months after completion of the test during which certain accumulated underproduction can be made up. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8124 to provide for twelve months after completion of the reservoir pressure test during which to make up the accumulated underproduction of certain wells resulting from the test. Applicant further requests that all other provisions in said Order No. R-8124 remain in full force and effect.

CASE 8952: (Continued from July 23, 1986, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for statutory unitization, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, being all or portions of the following lands in Rio Arriba County, New Mexico:

Sections 6 through 8 and 17 through 20, Township 24 North, Range 1 East;
 Sections 1 through 15 and 23 through 24, Township 24 North, Range 1 West;
 Sections 5 through 8, 17 through 20 and 29 through 31, Township 25 North, Range 1 East;
 Sections 1 through 36, Township 25 North, Range 1 West;
 Sections 19 and 20 and 29 through 32, Township 26 North, Range 1 East;
 Sections 1 through 36, Township 26 North, Range 1 West.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable and equitable allocation of production and costs of production, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

Docket No. 25-86

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 13, 1986
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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for September, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.