

Dockets Nos. 10-86 and 11-86 are tentatively set for March 19 and April 2, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 5, 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 8836: Application of the Oil Conservation Division on its own motion to consider establishing six non-standard proration and spacing units for any and all formations and/or pools developed on 320-acre spacing from the base of the Blanco Mesaverde Pool downward in Sections 5 through 8, 17 through 20, and 29 through 32, all in Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said non-standard units are necessitated for the orderly development of this area due to the irregular sections resulting from survey corrections in the United States Public Lands Survey.

CASE 8837: Application of the Oil Conservation Division on its own motion to consider establishing six non-standard proration and spacing units for all formations and/or pools developed on 160-acre spacing from the base of the Blanco Mesaverde Pool downward in Sections 6, 7, 18, 19, 30, and 31, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said non-standard units are necessitated by irregular Sections resulting from survey corrections in the United States Public Lands Survey.

CASE 8838: Application of the Oil Conservation Division on its own motion for exceptions to the Special Rules for the Gavilan-Greenhorn-Graneros-Dakota and Gavilan Mancos Oil Pools as promulgated by Division Order Nos. R-7745 and R-7407, respectively, Rio Arriba County, New Mexico. The OCD seeks exceptions to the spacing and one well per proration unit limitation provisions of the Special Rules and Regulations governing the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools as promulgated by Division Orders Nos. R-7745 and R-7407, authorizing the establishment of seven non-standard oil spacing and proration units for both pools in Township 25 North, Range 2 West, as described below:

- 1) Lots 3 and 4, S/2 NW/4, SW/4 of Section 5 and all of Section 6 consisting of 505.20 acres, more or less;
- 2) W/2 of Section 8 and all of Section 9 consisting of 505.84 acres, more or less;
- 3) W/2 of Section 17 and all of Section 18 consisting of 506.36 acres, more or less,
- 4) All of Section 19 and the W/2 of Section 20 consisting of 506.76 acres, more or less;
- 5) N/2 of Section 29 and Lots 1 and 2 of Section 30 consisting of 413.59 acres, more or less;
- 6) S/2 of Section 29 and Lots 3 and 4 of Section 30 consisting of 413.73 acres, more or less, and,
- 7) All of Section 31 and the W/2 of Section 32 consisting of 507.88 acres, more or less.

Said units would allow for the orderly development of both pools within the irregular sections along the western side of the subject township resulting from survey corrections in the United States Lands Survey. The OCD proposes to allow two wells to be completed in both pools on each of the above-described units.

- CASE 8839: Application of Jerome P. McHugh for exceptions to the Special Pool Rules for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to the spacing and well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing two unorthodox oil well locations 1980 feet from the South line and 660 feet from the East line of Section 19 and 660 feet from the South and East lines of Section 30, all of said Section 19 consisting of 186.76 acres, more or less, and all of said Section 30 consisting of 187.88 acres, more or less, to be dedicated to said wells, respectively, forming two non-standard oil spacing and proration units in said pool, said units to necessitate for the irregular sections along the western side of the subject Township resulting from survey corrections in the United States Lands Survey.
- CASE 8840: Application of Burk Royalty Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the South Lucky Lake Queen Pool underlying the South Lucky Lake Queen Unit Area in Township 15 South, Range 29 East. Applicant further seeks authorization to inject water under pressure in said project in excess of the OCD guidelines standard of 0.2 psi per foot of depth.
- CASE 8826: (Continued and Readvertised)
- 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 from the surface to the top of the Northeast Lovington-Pennsylvanian Pool underlying the NE/4 SE/4 of Section 8, Township 16 South, Range 37 East, and 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 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 8841: Application of Marbob Energy 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 Cisco formation in the perforated interval from approximately 9270 feet to 9290 feet in its F. M. Robinson Well No. 1 located 1850 feet from the North line and 660 feet from the West line of Section 27, Township 17 South, Range 29 East, Grayburg-Upper Pennsylvanian Pool.
- CASE 8842: Application of Exxon Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Mary Federal Well No. 1 located 1924 feet from the North line and 651 feet from the East line (Unit H) of Section 11, Township 23 South, Range 25 East, Sheep Draw-Strawn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.
- CASE 8843: Application of Chaveroo Operating Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Chaveroo-San Andres Pool in the perforated interval from 4101 feet to 4430 feet in its Tucker Well No. 5 located 1310 feet from the South and West lines (Unit M) of Section 24, Township 7 South, Range 32 East.
- CASE 8844: Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following manner underlying the following acreage in Section 11, Township 16 South, Range 36 East:
- the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing;
 - the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing;
 - the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit within said vertical limits.

All of the above-described acreage is to be dedicated to a single well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 11. 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 8845: 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 Blanco-Mesaverde and Otero-Chacra Pools in the wellbores of two wells to be drilled in Section 8, Township 27 North, Range 8 West, and in Section 29, Township 28 North, Range 9 West.
- CASE 8846: 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 Blanco-Mesaverde and Undesignated Otero-Chacra Pools in the wellbores of five wells to be drilled in Sections 18, 20, 21, and 28, Township 27 North, Range 8 West.
- CASE 8847: Application of Nearburg Producing Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Atoka and Morrow formations in the wellbore of its Osage-Boyd Com Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 19 South, Range 25 East, Boyd-Morrow Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Gas Pool.
- CASE 8823: (Continued from February 19, 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 8848: 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 8849: 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 8850: 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 Eddy and Chaves Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Catclaw Draw-Delaware Pool. The discovery well is the Exxon Corporation Catclaw Draw Well No. 8 located in Unit G of Section 22, Township 21 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 22: NE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Herradura Bend-Delaware Pool. The discovery well is the Amoco Production Company State GO Well No. 1, located in Unit E of Section 2, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Laguna Salado-Atoka Gas Pool. The discovery well is the Eastland Oil Company Carthel Federal Com. Well No. 2, located in Unit G of Section 5, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 5: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permo Pennsylvanian production and designated as the Red Tank Draw-Permo Pennsylvanian Gas Pool. The discovery well is the Exxon Corporation Altwein B Federal Com. Well No. 1, located in Unit N of Section 12, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 12: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Shugart-Delaware Pool. The discovery well is the Siete Oil and Gas Corporation Geronimo Federal Well No. 3, located in Unit A of Section 24, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 24: NE/4

Said discovery well will be assigned a discovery allowable of 25,060 barrels to be produced over a two year period.

- (f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Siegreest Draw-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Amoco QT Federal Well No. 2, located in Unit P of Section 29, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 29: SE/4

- (g) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production and designated as the North Twin Lakes-Fusselman Gas Pool. The discovery well is the Stevens Operating Company Lynx Well No. 1, located in Unit G of Section 19, Township 8 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 19: N/2

- (h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Bone Spring production and designated as the South Yarrow-Bone Spring Gas Pool. The discovery well is the Exxon Corporation South Carlsbad Gas Com 3 Well No. 1, located in Unit C of Section 26, Township 23 South, Range 26 East, NMPM. Said pool would comprise:
- TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
- Section 26: N/2
- (i) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
- Section 32: SE/4 NW/4
32: S/2 NE/4
32: E/2 SW/4
32: SE/4
- (j) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
- Section 18: NW/4 SE/4
18: E/2 SW/4
Section 19: NW/4
- (k) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
- Section 7: S/2
Section 8: S/2
- (l) EXTEND the Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
- Section 7: N/2
- (m) EXTEND the Outpost-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
- Section 30: A11
Section 31: E/2
- (n) EXTEND the Ross Draw-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
- Section 33: NE/4
- (o) EXTEND the East Ross Draw-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
- Section 22: SE/4
Section 27: E/2

- (p) EXTEND the Sheep Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 1: W/2

- (q) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 3: SW/4

- (r) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 13: N/2

- (s) EXTEND the Winchester-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 31: S/2

CASE 8851: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting and extending certain pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico:

- (a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Organ Rock production and designated as the Big Gap Organ Rock Pool. The discovery well is the Petroleum Energy Inc. Navajo Tribal AS Well No. 1 located in Unit M of Section 28, Township 27 North, Range 19 West, NMPM. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 19 WEST, NMPM

Section 5: W/2

TOWNSHIP 27 NORTH, RANGE 19 WEST, NMPM

Section 28: SW/4

Section 32: N/2, SW/4

Section 33: NW/4

- (b) CONTRACT the Otero-Sanastee Oil Pool in Sandoval County, New Mexico, by the deletion of the following described area:

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 36: SE/4

- (c) CONTRACT the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, by the deletion of the following described area:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 15: SE/4

- (d) EXTEND the Armenta-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 33: NW/4

- (e) EXTEND the BS Mesa-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

Section 35: NE/4

- (f) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 21: N/2 SE/4
 Section 22: S/2 SW/4, E/2
 Section 27: N/2 NE/4

- (g) EXTEND the Blanco-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

Section 4: S/2, NW/4
 Section 5: S/2
 Section 6: S/2
 Section 18: S/2

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 1: S/2
 Section 10: N/2, SE/4
 Section 11: A11
 Section 12: W/2
 Section 13: S/2, NW/4
 Section 14: A11
 Section 15: A11
 Section 16: SW/4
 Section 19: E/2
 Section 20: A11
 Section 21: W/2
 Section 22: A11
 Section 23: A11
 Section 26: N/2
 Section 27: N/2
 Section 28: W/2
 Section 29: A11
 Section 30: E/2

TOWNSHIP 31 NORTH, RANGE 8 WEST, NMPM

Section 33: W/2

- (h) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Section 3: S/2
 Section 9: A11
 Section 10: A11

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM

Section 4: W/2

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 8: A11
 Section 9: S/2
 Section 16: A11
 Section 17: A11
 Section 20: A11
 Section 21: A11
 Section 28: A11
 Section 29: A11
 Section 35: A11

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 15: E/2

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

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 3: SE/4
 Section 23: NE/4
 Section 24: W/2

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 4: NW/4
 Section 10: SE/4
 Section 13: NW/4

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

Section 26: S/2, NW/4

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

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 30: SE/4
 Section 31: NE/4
 Section 32: NW/4

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 13: SW/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 28: NW/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 15: SE/4
 Section 21: NE/4
 Section 22: N/2, SW/4

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

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 7: NE/4

- (l) EXTEND the Gallegos-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Section 22: SW/4
 Section 27: SW/4
 Section 28: S/2
 Section 29: E/2 SE/4

- (m) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 13: S/2
 Section 14: SE/4

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 25: S/2
 Section 26: SE/4

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 33: S/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 24: NW/4

- (n) EXTEND the Laguna Seca-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 5 WEST, NMPM

Section 30: S/2

Section 31: A11

Section 32: S/2, NW/4

TOWNSHIP 31 NORTH, RANGE 6 WEST, NMPM

Section 14: E/2

Section 20: SE/4

Section 21: S/2

Section 22: S/2, NE/4

Section 23: A11

Section 24: A11

Section 25: A11

Section 26: A11

Section 36: NE/4

- (o) 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 2: S/2

Section 13: SW/4

Section 21: NW/4

Section 23: NW/4

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 25: E/2

Section 36: E/2

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

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 7: S/2

Section 8: W/2

Section 17: W/2

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Section 1: N/2

Section 2: N/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 15: E/2

Section 23: NE/4

Section 24: N/2

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM

Section 33: A11

- (q) EXTEND the South Los Pinos Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM

Section 1: E/2
Section 11: S/2
Section 14: A11
Section 15: A11
Section 22: A11
Section 23: A11
Section 26: A11
Section 27: A11

- (r) EXTEND the North Pinon-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM

Section 10: A11
Section 14: NW/4
Section 15: NE/4

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 29: NE/4

- (s) EXTEND the Rio Puerco-Mancos Oil Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM

Section 5: A11
Section 6: A11
Section 7: A11
Section 8: A11
Section 17: A11
Section 18: A11

TOWNSHIP 20 NORTH, RANGE 4 WEST, NMPM

Section 1: A11
Section 2: A11
Section 3: A11
Section 11: A11
Section 12: A11

TOWNSHIP 21 NORTH, RANGE 3 WEST, NMPM

Section 27: A11
Section 31: A11
Section 34: A11

TOWNSHIP 21 NORTH, RANGE 4 WEST, NMPM

Section 25: A11
Section 26: A11
Section 35: A11
Section 36: A11

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

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

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 3829: 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 3712: (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.