

Dockets Nos. 11-86 and 12-86 are tentatively set for April 2 and April 16, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 19, 1986
8 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 8852: 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 8853: 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 8854: 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 in each of the above-described units.

CASE 8839: (Continued from March 5, 1986, Examiner Hearing)

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 8855: Application of Loco Hills Water Disposal Company for an oil treating plant permit, Eddy 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 the site of its commercial salt water disposal facility located in the SW/4 SW/4 of Section 16, Township 17 South, Range 30 East.

CASE 8773: (Continued from February 19, 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 8798: (Reopened and Readvertised)

Application of Amerind Oil Company for contraction of the horizontal limits of the Casey-Strawn Pool, pool creation, special pool rules, and assignment of a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause seeks an order contracting the horizontal limits of the Casey-Strawn Pool by the deletion therefrom of the NE/4 of Section 33, Township 16 South, Range 37 East. Applicant further seeks the creation of a new oil pool for Strawn production comprising the W/2 NE/4 of said Section 33 and the promulgation of special pool rules therefor including provisions for 80-acre spacing and proration units, designated well locations, and the assignment of an oil discovery allowable to its Shipp Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 33.

CASE 8806: (Continued from February 5, 1986, Examiner Hearing)

Application of Coquina Oil 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 7870 feet to 8196 feet in its Pan Canadian Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 34, Township 19 South, Range 25 East.

CASE 8856: Application of Robert N. Enfield 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 Canyon formation underlying the N/2 of Section 5, Township 19 South, Range 27 East, 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 8857: 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 SW/4 SE/4 and all mineral interests in the South Humble City-Strawn Pool underlying the S/2 SE/4 of Section 35, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox well location 1050 feet from the South line and 1350 feet from the East line of said Section 35. 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 8858: Application of Exxon Company, USA for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Upper Pennsylvanian Formations (Cisco and Canyon) and from the Undesignated Sheep Draw Strawn Gas Pool in the wellbore of its Mary Federal Well No. 5 located 790 feet from the South line and 1829 feet from the West line of Section 11, Township 23 South, Range 25 East.

CASE 8842: (Continued from March 5, 1986, Examiner Hearing)

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 8859: 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 23 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.

CASE 8860: Application of Pennzoil 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 1310 feet from the South line and 1980 feet from the West line of Section 3, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, the E/2 SW/4 of said Section 3 to be dedicated to the well.

CASE 8845: (Continued from March 5, 1986, Examiner Hearing)

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: (Continued from March 5, 1986, Examiner Hearing)

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 8861: 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 South Cass-Strawn Pool. The discovery well is the Conoco Inc. State 35 Well No. 1 located in Unit P of Section 20, Township 20 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 35: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Lower Wolfcamp production and designated as the EK-Wolfcamp Pool. The discovery well is the Manzano Oil Corporation Airstrip Northwest Deep Unit Well No. 1 located in Section 20, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 20: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Laguna Valley-Morrow Gas Pool. The discovery well is the Chama Petroleum Company Rett Federal Com Well No. 1-Y located in Unit P of Section 23, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 23: S/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Tonto-Bone Spring Pool. The discovery well is the Spectrum 7 Exploration Company Federal 12 Well No. 1 located in Unit G of Section 12, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 12: NE/4

(e) EXTEND the Cline Drinkard-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 12: S/2

(f) EXTEND the Central Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 4: NW/4

(g) EXTEND the Hardy-Drinkard Pool in Lea County, New Mexico to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 3: SE/4

(h) EXTEND the South Humble City-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 13: NW/4

(i) EXTEND the Johnson Ranch-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 22: W/2

(j) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 8: NE/4
Section 10: S/2

(k) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 25: NE/4

(l) EXTEND the Mescalero-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 33: N/2

(m) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 11: SW/4

(n) EXTEND the East Saunders-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 16: SW/4

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 3: Lots 9, 10, 15, and 16