



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

MEMO NO. 7-86

MEMORANDUM

TO: OPERATORS OF PRORATED GAS WELLS
FROM: R. L. STAMETS, DIRECTOR *RLS*
SUBJECT: SUSPENSION OF RECLASSIFICATION

I have instructed the Division's Gas Proration Manager to suspend the gas well reclassification which would normally occur at the end of the first trimester of the new gas proration period. This is being done as many wells are shut-in or are severely restricted due to current market conditions and wells otherwise capable of non-marginal production could be reclassified marginal.

It has been suggested that a continuing suspension should be considered because of these market conditions. Conversely, it has been suggested that reclassification should be allowed to proceed in order that allowable may flow to those operators choosing to participate in the spot market. The argument put forth is, that if the spot market is made available to producers and they choose not to participate, have not their correlative rights been protected (an opportunity to produce having been provided) and should not their share of the pool allowable be given to those who do choose to sell.

Your response to this issue will be appreciated and will be shared with the Gas Advisory Committee now looking at gas proration issues. Please submit any response in writing by July 18, 1986.

June 23, 1986

dr/

Dockets Nos. 22-86 and 23-86 are tentatively set for July 23 and August 6, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 9, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1986, from fifteen prorated pools in Lea Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 8932: Application of Geo Engineering, Inc. for exceptions to Division General Rules 104(F) and 104(C) (I), McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority for the location of oil wells no nearer than 165 feet to the lease boundary or nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menafee member of the Mesaverde formation in the NW/4 of Section 32, Township 20 North, Range 9 West. Applicant also seeks authority allowing the operator to develop the area described with more than four wells on each 40-acre tract.
- CASE 8933: Application of Geo Engineering, Inc. for exceptions to Division General Rules 104(F) and 104(C) (I), McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority for the location of oil wells no nearer than 165 feet to the lease boundary or nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menafee member of the Mesaverde formation in the NE/4 of Section 30, Township 20 North, Range 9 West. Applicant also seeks authority allowing the operator to develop the area described with more than four wells on each 40-acre tract.
- CASE 8934: 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, and Morrow formations in the perforated interval from approximately 9600 feet to 13,627 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 8935: Application of Verde Grande 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 Wolfcamp formation in the perforated interval from approximately 10,230 feet to 10,726 feet in its Aztec State Comm Well No. 3 located 660 feet from the South and West lines (Unit M) of Section 18, Township 16 South, Range 37 East.
- CASE 8936: 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: (Reopened)
- 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 8937: Application of Mobil Producing Texas and New Mexico, Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Federal CCC Well No. 2 to be drilled 2970 feet from the South line and 2410 feet from the East line of Section 4, Township 16 South, Range 31 East, Undesignated North Square Lake Grayburg-San Andres Pool, Lot 15 of said Section 4 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.
- CASE 8938: Application of Yates Petroleum Corporation 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 Atoka-Glorieta-Yeso Pool underlying the SW/4 SW/4 (Unit M) of Section 27, Township 18 South, Range 26 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 8939: 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: 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 8866: (Continued from June 25, 1986, Examiner Hearing)
- Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.
- CASE 8941: 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 360 acres, more or less, of State lands all in Section 32, Township 23 North, Range 7 West.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501-2088
(505) 827-5800

June 2, 1986

MEMORANDUM NO. 4-86

TO: ALL OPERATORS AND INTERESTED PARTIES
FROM: R. L. STAMETS, DIRECTOR *RLS*
SUBJECT: CLARIFICATION OF ADMINISTRATIVE APPROVAL PROCESSES IN CERTAIN
POOLS WITH SPECIAL RULES

Division Rule 1 provides in part that: "Special rules, regulations and orders have been and will be issued when requested and shall prevail as against General Rules, Regulations and Orders if in conflict therewith. However, whenever these General Rules do not conflict with special rules heretofore or hereafter adopted, these General Rules shall apply."

Over the years, many special pool rules have been written. Many of these contained special rules providing for administrative exceptions to such matters as location requirements or spacing unit size while others did not. One prevailing opinion is that the intent of those special rules without administrative exception provisions was to preclude such exceptions. The counter opinion is that when read with Rule 1, if nothing is said, then the administrative exception provisions in the General Rules shall apply.

Notice is hereby provided that it is henceforth to be Division policy to utilize the administrative exceptions or approval procedures of the General Rules when special pool rules are silent as to such exceptions. This policy will save both the Division and operators the cost of unnecessary hearings.

Any person who is aware of any pool with special rules which should preclude any of the administrative exceptions or approvals provided in the General Rules should notify this office of such situation at the earliest possible date providing the reasoning for precluding administrative exceptions. Thereafter, we would suspend this policy for such pool and schedule a case to modify such special rules to incorporate the necessary prohibitions.

RLS:dp



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

June 11, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501-2088
(505) 827-5800

MEMORANDUM NO. 5-86

TO: ALL OPERATORS AND INTERESTED PARTIES
FROM: R. L. STAMETS, DIRECTOR 
SUBJECT: EPA SAMPLING OF PRODUCED WATER AND DRILLING FLUIDS, NOTICE OF
OPEN MEETING

As required by Congress in the 1980 amendments to the Solid Waste Disposal Act, the USEPA is required to undertake studies of "drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil or natural gas or geothermal energy." These studies are to determine if these wastes should be regulated as "hazardous wastes" under provisions of the Resource Conservation and Recovery Act (RCRA). The studies are to include a nationwide field sampling program in oil and gas producing states to identify waste and pollutant characteristics. New Mexico sampling will begin June 25. Because of Congressional deadlines and budget constraints, EPA plans to sample only a few sites in New Mexico. Operators selected for visits will be notified separately.

The OCD is cooperating with the EPA by assisting in site selection, and providing information and some logistical support. This includes visits to the two major oil and gas production areas, and discussions with EPA staff on the existing State-run fresh water protection program.

The EPA has offered to participate in an informal open meeting to discuss the Congressional requirement for studies of oil and gas production wastes, the field sampling program, timetables, and other informational requirements related to this study. Before any standards or regulations on these wastes will be promulgated, EPA is required to complete these studies, hold formal public hearings, and make recommendations to Congress.

The meeting will be held at 9:30 a.m., Tuesday, June 24, in the OCD Conference Room (Room 205), in the State Land Office Building in Santa Fe. Copies of EPA's oil and gas sampling strategy document and other information are available from David Boyer of this Division at 827-5812.

RLS:DGB:dp



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 11, 1986

MEMORANDUM NO. 6-86

TO: ALL INTERESTED PARTIES

FROM: MICHAEL E. STOGNER, PETROLEUM ENGINEER *M.S.*

SUBJECT: PROPOSED NGPA RULE CHANGES AND AMENDMENTS TO DIVISION ORDER NO. R-5878-B, AS AMENDED, PURSUANT TO CASE NO. 8903

The following amendments are being proposed for Division Order No. R-5878-B, as amended, Special Rules for Applications for Wellhead Price Ceiling Category Determinations, in Case No. 8903.

Definitions:

"[USGS]: [~~United-State-Geological-Survey~~]

USBLM: United States Bureau of Land Management"

RULE 1.

" An application for Wellhead Price Ceiling Category Determination shall include affidavits of mailing or delivery of the Form C-132 or C-132-A and FERC Form No. 121 to all working interest owners and to all parties to the gas purchase contract, if any. The application shall be signed by the applicant or his authorized representative or agent."

RULE 2.

" [~~The-application-shall-be-signed-by-the-applicant-or-his authorized-representative-or-agent~~]. A non-refundable filing fee in the amount of \$25.00 for each category sought per application must accompany each application when submitted to the New Mexico Oil Conservation Division. Payment must be by check or money order payable to the Oil Conservation Division. Cash will not be acceptable."

RULE 3.

" If a well is located on a State or fee lease, the application shall be filed with the Division. If a well is located on a federal or Indian lease, the application shall be filed with the [USGS] USBLM. If the well is located on a communitized lease, the application shall be filed with the agency having jurisdiction over the lands on which the well is situated."

RULE 4.

" Two complete copies of the application shall be filed with the Division's Santa Fe office. [~~and a copy of the C-132 or C-132-A with the appropriate district office~~]."

RULE 13.

(Existing Rule 13 to be replaced in its entirety with the following.)

" For the purposes of NGPA only a proration unit for a given formation or pool shall automatically expire when the last well on the proration unit dedicated to said unit in that formation or pool has either been:

1. plugged and abandoned;
2. recompleted in another pool or formation;
3. converted to water injection within the producing horizon of said pool.

A copy of the Division Form C-103 for such well evidencing such plugging and abandonment, recompletion, or conversion shall be submitted, along with a copy of the Division Order approving water injection if applicable."

RULE 14.1.c.

" A location plat which locates and identifies the well for which the determination is sought and [~~any other well which produced natural gas after January 1, 1970, and before April 20, 1977, and is within the 2.5 mile radius drawn from the well for which a determination is sought,~~] all other wells within a 2.5 mile radius of the subject well with sufficient information on those wells to determine whether or not they are considered to be marker wells."

RULE 14.2.c.

" A location plat which locates and identifies the well for which the determination is sought and all wells [~~which produced natural gas after January 1, 1970, and before April 20, 1977,~~] within the 2.5 mile radius drawn from the well for which a determination is sought, [~~including specific identification of all marker wells within the 2.5 mile radius drawn from the well for which a determination is sought,~~] with sufficient information on those wells to determine whether or not they are considered to be marker wells."

RULE 16A.4.

" The C-102 attached to Form C-132 shall locate and identify the well for which a determination is sought and all other wells within the proration unit in which the well for which a determination is sought is located, giving for each well which has or is producing and/or injecting from the same pool or reservoir as the subject well the spud date, recompletion date, cumulative production, and date of plug and abandonment, if any."

RULE 17.5 (New Addition)

"5. Occluded Natural Gas Produced from Coal Seams

- a. FERC Form No. 121;
- b. Division Form C-132 and the required attachments;
- c. Geological information sufficient to support a determination that the gas being produced is naturally occurring gas released from entrapment from the fractures, pores, and bedding planes of coal seams. Such information shall include to the extent reasonably available to the applicant at the time the application is filed:
 - (1) well logs;
 - (2) a subsurface cross-section chart;
 - (3) gas analysis;
 - (4) all well completion reports for the well for which a determination is sought; and,
 - (5) a copy of the Division Order resulting from a hearing to establish a "Coal Seam Pool" if such a hearing was held by the Division;

- d. A detailed description of the production process if the gas is not produced through a well bore;
- e. A statement by the applicant, under oath, that the gas was produced from a coal seam and that the applicant has no knowledge of any information not described in the application which is inconsistent with his conclusion."

Dockets Nos. 21-86 and 22-86 are tentatively set for July 9 and July 23, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 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 8909: (Continued from June 12, 1986, Examiner Hearing)

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 8903 (Continued from May 28, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS, pursuant to the Natural Gas Policy Act of 1978, as promulgated by Division Order No. R-5878-B, as amended. The proposed amendments to be considered include:

- 1) adopting an administrative procedure for NGPA Section 107, Occluded Natural Gas Produced from Coal Seams, wellhead filing requirements;
- 2) instituting a \$25.00 filing fee for each Application for Wellhead Price Ceiling Category Determination; and,
- 3) minor changes and/or clarification to the GENERAL RULES, DEFINITIONS, AND FILING REQUIREMENTS for NGPA Categories 102, 103, 107, and 108.

CASE 8912: (Continued from June 12, 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 8925: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sandsage State Unit Area comprising 3,360.00 acres, more or less, of State and Fee lands in Township 15 South, Range 35 East.

CASE 8926: Application of Sage Energy 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 Saunders-Upper Permo Pennsylvanian Pool in the perforated interval from approximately 9565 feet to 9890 feet in its Lowe State Well No. 1 located 1980 feet from the South line and 660 feet from the West Line (Unit L) of Section 10, Township 15 South, Range 33 East.

CASE 8915: (Continued from June 12, 1986, Examiner Hearing)

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 8927: Application of BHP Petroleum Company Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed S. E. Dean Federal "10" Well No. 1 to be drilled 1000 feet from the North line and 1100 feet from the East line of Section 10, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 NE/4 of said Section 10 to be dedicated to the well.

CASE 8891: (Continued from June 12, 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 June 12, 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 8928: (This case will be dismissed)

Application of Union Oil Company of California for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Esperanza Delaware Pool in the perforated interval from approximately 2832 feet to 3794 feet in its Wersell Federal Well No. 1 located 810 feet from the North line and 1980 feet from the West line (Unit C) of Section 4, Township 22 South, Range 27 East.

CASE 8874: (Continued from June 12, 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 8929: Application of ARCO Oil and Gas Company for exception to the Division "No-Flare" General Rule No. 306, for two wells in the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 306 to flare casinghead gas from its ARCO Leeson Well No. 1 located 1740 feet from the South line and 1800 feet from the West line (Unit K) of Section 27, and from its ARCO Leeson Well No. 2 located 1855 feet from the North line and 515 feet from the West line (Unit E) of Section 27, both in Township 25 North, Range 3 West.

CASE 8866: (Continued from May 28, 1986, Examiner Hearing)

Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8922: (Continued from June 12, 1986, Examiner Hearing)

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: (Continued from June 12, 1986, Examiner Hearing)

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.

CASE 8930: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, reclassifying, 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 Queen production and designated as the North Lovington-Queen Pool. The discovery well is the Lynx Petroleum Consultants Inc. Geraldine Doughty Well No. 1 located in Unit K of Section 25, Township 16 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 25: SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas well for Mississippian production and designated as the South Shoe Bar-Mississippian Gas Pool. The discovery well is the Manzano Oil Corporation Apple MS Well No. 1 located in Unit C of Section 12, Township 17 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 12: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Stallion-Devonian Pool. Further, assign approximately 60,845 barrels of discovery allowable to the discovery well, the American Trading & Production Corporation Lowe Federal Well No. 1 located in Unit D of Section 7, Township 13 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 7: NW/4

(d) RECLASSIFY the Scharb-Queen Gas Pool in Lea County, New Mexico, as the Scharb-Queen Oil Pool due to the reclassification of the only producing well in the pool from gas to oil.

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 14: NE/4

(f) EXTEND the King-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 35: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 26: SW/4
Section 27: SE/4

(h) EXTEND the San Simon-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 5: NE/4

(i) EXTEND the San Simon-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 4: SW/4

(j) EXTEND the West Tonto-Bone Spring Pool in Lea County, New Mexico, to include therein:

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

CASE 8931: 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 Chaves and Eddy Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Los Medanos-Morrow Gas Pool. The discovery well is the Pogo Producing Company Federal Neff Well No. 1 located in Unit C of Section 25, Township 22 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 25: N/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Saladar-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Stonewall EP State Com. Well No. 4 located in Unit H of Section 30, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 30: E/2

(c) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 13: NE/4

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 18: NW/4

(d) EXTEND the Diablo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 21: SE/4

(e) EXTEND the North Hackberry Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 22: NW/4

(f) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 23: E/2
Section 26: NE/4

(g) EXTEND the West Millman-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 14: NE/4

(h) EXTEND the Otis-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 25: W/2
Section 26: E/2

(i) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 12: SE/4

(j) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 25: N/2

(k) EXTEND the Scoggin Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 9: N/2
Section 10: N/2

(l) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 35: NW/4

CASE 8909
PROPOSED TREATING PLANT RULE

RULE 312 Treating Plant

(a) Prior to the construction of a treating plant, application in the form of an affidavit for treating plant permit shall be filed in duplicate with the Santa Fe office of the Division and one copy to the appropriate district office. Such application shall be accompanied by:

- (1) a plat showing the location of the plant in relation to governmental surveys (section, township and range) and to highways or roads giving access to the plant site;
- (2) a description of the plant, type and process of treatment and design capacity;
- (3) a diagrammatic plan of plant layout including location of water wells, pits, dikes, dwellings, fences and cattle-guards within 1/4 mile of the site;
- (4) a description of containment dikes and pits, if any, with detailed information on construction and lining;

(Note: any pits, lined pits or below grade tanks used at the site must meet Division requirements for ground water protection);

- (5) a demonstration that any unmerchantable solids or liquids resulting from operation of the facility will be disposed of at a Division approved site;
- (6) a surety or cash bond in the amount of \$25,000, in a form approved by the Division, conditioned upon compliance with statutes of the State of New Mexico and rules of the Division and the satisfactory clean-up of site upon cessation of operation; and,
- (7) a demonstration that the notice requirements of Paragraph (b) of this rule have been met.

(b) The applicant shall give written notice to the owners of the surface of the plant site (and an area within one-half (1/2) mile). The applicant shall also give notice of his application by advertisement in a paper of general circulation published in the county in which the treating plant is to be located. Both the written notice and published notice shall state the name of the plant operator, the nature of the proposed operation, the design capacity, and that any person seeking to oppose such application must file a protest within 20 days of the date of the notice.

(c) The Director of the Division may issue a treating plant permit upon a finding that a complete and proper application has been filed and that no party has objected within 20 days following submittal of the application.

The permit shall be consistent with the application and appropriate requirements of Division rules and The Oil and Gas Act.

The Director of the Division may set any application for a treating plant permit for public hearing.

(d) The Director of the Division may suspend any treating plant permit when it appears that such suspension is necessary to prevent waste, to protect fresh water, or to assure compliance with Division rules.

(e) Such permit shall entitle the treating plant operator to an approved Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas, for the total amount of products secured from sediment oils and miscellaneous hydrocarbons processed by the operator. All permits shall be revocable, after notice and hearing, upon showing of good cause.

(f) No treating plant operator may accept sediment oil at or into the treating facility unless the same is accompanied by an approved Form C-117-A (Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit).

(g) Except as provided under Rule 311(h), no treating plant operator may accept tank bottoms from pipeline stations, crude oil storage terminals or refineries, pipeline break oil or other miscellaneous hydrocarbons for processing or mixing with recovered pipeline oil unless the same is accompanied by an approved Form C-117-A.

(h) All treating plant operators shall file a monthly report which shall detail the net oil recovered and sold during the preceding month. See Rule 1118.

The operator of each lease from which sediment oil is removed for reclamation shall be promptly notified by the treating plant operator of the amount of pipeline oil recovered therefrom. In the event sediment oil from two or more separate leases is to be commingled prior to treating, the treating plant operator shall determine the amount of pipeline oil attributable to each lease by testing a representative sample of the sediment oil from said lease in accordance with the standard centrifugal test prescribed by the API Manual of Petroleum Measurement Standards, Chapter 10, Section 4. Other test procedures may be used if such procedures reliably predict the percentage of good oil to be recovered from sediment oil.

(i) Upon cessation of treating plant operations for 6 consecutive months, the operator will complete cleanup and restoration of the facility site to Division standards within 6 months, unless an extension of time is granted by the Director of the Division.

Dockets Nos. 18-86 and 19-86 are tentatively set for June 12 and June 25, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 28, 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 8878: (Continued from May 14, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8903: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS, pursuant to the Natural Gas Policy Act of 1978, as promulgated by Division Order No. R-5878-B, as amended. The proposed amendments to be considered include:

- 1) adopting an administrative procedure for NGPA Section 107, Occluded Natural Gas Produced from Coal Seams, wellhead filing requirements;
- 2) instituting a \$25.00 filing fee for each Application for Wellhead Price Ceiling Category Determinations; and,
- 3) minor changes and/or clarification to the GENERAL RULES, DEFINITIONS, AND FILING REQUIREMENTS for NGPA Categories 102, 103, 107, and 108.

CASE 8904 Application of Amerind 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 for its proposed Wiser "B" State Well No. 1 to be drilled 810 feet from the North line and 1650 feet from the East line of Section 29, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the W/2 NE/4 of said Section 29 to be dedicated to the well.

CASE 8905: Application of Oilfield Services for an oil treating plant permit, San Juan 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 SE/4 NW/4 of Section 33, Township 29 North, Range 11 West.

CASE 8890: (Continued from May 14, 1986, Examiner Hearing)

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.

CASE 8906: (This case will be dismissed)

Application of Shell Western E & P, Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Shell Black Waterflood Project, authorized by Division Order No. R-2747, dated July 29, 1964, by converting its Black Well No. 1 located 1980 feet from the South and East lines (Unit J) of Section 21, Township 24 South, Range 37 East, Langlie Mattix (Seven Rivers-Queen) Pool, from a producing oil well to a water injection well.

CASE 8891: (Continued from May 14, 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 14, 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 8870: (Continued from May 14, 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 into 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 8907: Application of Minerals Inc. for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Llano "34" State Com Well No. 1 located 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 34, Township 21 South, Range 34 East, East Grama Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8866: (Continued from April 30, 1986, Examiner Hearing)

Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8874: (Continued from April 30, 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 8818: (Continued from May 14, 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 8908: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, 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 Yates production and designated as the Buffalo-Yates Pool. Further, assign approximately 17,550 barrels of discovery allowable to the discovery well, the Amoco Production Company Nellis Fed Well No. 3 located in Unit F of Section 6, Township 19 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Lea-Delaware Pool. The discovery well is the Spectrum 7 Exploration Company Mobil State Well No. 1 located in Unit J of Section 2, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: SE/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Lea-Wolfcamp Gas Pool. The discovery well is the TXO Production Corporation Jordan B Well No. 2 located in Unit G of Section 11, Township 20 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 11: N/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production with special vertical limits from the top of the Strawn formation at 10,882 feet to the base of the Strawn formation at 11,092 feet as found on Socony Mobil Oil Company State Bridges Well No. 96 located in Unit H of Section 26, Township 17 South, Range 34 East, NMPM, type log for Vacuum area Pennsylvanian pools, said pool to be designated as the Vacuum-Strawn Pool. The discovery well is the Mobil Producing TX & NM Inc. Bridges State Well No. 506 located in Unit N of Section 13, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 13: SW/4

- (e) CONTRACT the horizontal limits of the West Mescalero-Pennsylvanian Pool in Lea County, New Mexico, in order to correct an overlap with the Mescalero-Permo Pennsylvanian Pool, by the deletion of the following described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 33: NW/4

- (f) EXTEND the Antelope Ridge-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 33: W/2 W/2

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 28: SW/4

- (h) EXTEND the Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 23: SE/4
Section 24: SW/4

- (j) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 34: N/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 24: SW/4
Section 25: NW/4
Section 26: E/2 NE/4 and S/2
Section 27: SE/4

- (l) EXTEND the Reeves-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 13: NW/4
Section 14: E/2

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

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4
Section 7: W/2

Dockets Nos. 15-86 and 16-86 are tentatively set for May 14 and May 28, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 30, 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 8878: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 101 relating to bonds. The proposed amendment would provide for the posting of a cash bond upon a showing that the operator is unable to obtain a surety bond.

CASE 8872: (Continued from April 16, 1986, Examiner Hearing)

Application of HNG Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Queen Lake Unit Agreement comprising 1917.2 acres, more or less, of Federal, State, and Fee lands in Section 36, Township 24 South, Range 28 East and Sections 31 and 32, Township 24 South, Range 29 East.

CASE 8879: Application of Dugan Production Corporation for an exception 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 an exception to the well location provisions of the Special Rules and Regulations governing the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, authorizing an unorthodox oil well location for its Divide Well No. 3 to be located 1780 feet from the South line and 2120 feet from the West line of Section 35, Township 26 North, Range 2 West, the W/2 of said Section 35 to be dedicated to the well.

CASE 8880: Application of Dwight Crawford, d/b/a Crawford Treating Company, 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 SW/4 of Section 12, Township 20 South, Range 38 East.

CASE 8873: (Continued from April 16, 1986, Examiner Hearing)

Application of Exxon Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware and Bone Spring formations underlying the NW/4 SW/4 of Section 27, Township 22 South, Range 26 East, forming a 40-acre standard oil spacing and proration unit in both zones. Applicant further seeks an order pooling all mineral interests in the Canyon, Strawn, Atoka, and Morrow formations underlying the W/2 of said Section 27, to form a standard 320-acre gas 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 line and 660 feet from the West line of said Section 27. 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 and Readvertised)

Application of Bliss Petroleum, Inc. for an unorthodox 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. Applicant further seeks approval of an unorthodox oil well location for said well if completed as an oil well in any formation from the surface to the base of the San Andres formation, the SE/4 SW/4 of said Section 5 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

CASE 8881: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 660 feet from the South and East lines of Section 13, Township 19 South, Range 24 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 8882: 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 Lower Abo and Upper Wolfcamp formations, in the perforated interval from 10,050 feet to 10,350 feet in its Freeman ACF Well No. 1, located 660 feet from the South and West lines of Section 22, Township 16 South, Range 37 East.

CASE 8883: Application of Yates Petroleum 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 4058 feet to 4308 feet in its Sun "UW" Fed. Well No. 2 located 1650 feet from the North line and 330 feet from the East line of Section 10, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 8870: (Continued from April 16, 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 into 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 8884: Application of Mobil Producing Texas and New Mexico, 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 5050 feet to 5650 feet in its Bridges State Well No. 511 located 474 feet from the South line and 1904 feet from the East line of Section 23, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool.

CASE 8874: (Continued from April 16, 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 8885: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the perforated interval from 9080 feet to 9979 feet in its State NC Well No. 1 located 1320 feet from the North line and 660 feet from the East line of Section 3, Township 16 South, Range 32 East, Anderson Ranch-Wolfcamp Pool.

CASE 8866: (Continued from April 2, 1986, Examiner Hearing)

Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

CASE 8886: 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 Lea County, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Jabalina-Strawn Gas Pool. The discovery well is the Amoco Production Company Perro Grande Unit Strawn Federal Well No. 1 located in Unit J of Section 6, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 6: E/2

(b) CONTRACT the Warren-Drinkard Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4

(d) EXTEND the West Casey-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 33: NW/4 and E/2 NE/4

(e) EXTEND the Eight Mile Draw-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 24: SE/4
Section 25: NE/4

- (f) EXTEND the Laguna Valley-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 15: E/2
Section 22: NE/4
Section 23: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 22: SE/4
Section 23: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 17: SW/4
Section 29: NE/4

- (i) EXTEND the East Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 26: NW/4
Section 27: NE/4

- (j) EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 30: S/2

- (k) 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: SW/4
Section 25: SW/4
Section 26: W/2 NE/4
Section 36: NW/4

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

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 29: NE/4

- (m) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 9: NE/4

- (n) EXTEND the South Shoe Bar-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 22: N/2
Section 23: NW/4

Dockets Nos. 12-86 and 13-86 are tentatively set for April 16 and April 30, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 2, 1986
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 8852: (Continued from March 19, 1986, Examiner Hearing)

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: (Continued from March 19, 1986, Examiner Hearing)

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: (Readvertised)

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) All of Section 7 and the W/2 of Section 8 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 Land Survey. The OCD proposes to allow two wells to be completed in both pools in each of the above-described units.

CASE 8862: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Gipson Oil Corporation and other interested parties to appear and show cause why the John Bergin Well No. 2 located 2440 feet from the North line and 1520 feet from the West line of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8863: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Alana Oil & Gas Corporation, Fidelity and Deposit Company, and other interested parties to appear and show cause why the Samantha Wells Nos. 1, 2, and 3 located 1580 feet from the South line and 1202 feet from the West line (Unit L), 1985 feet from the South line and 2290 feet from the West line (Unit K), and 1105 feet from the South line and 2490 feet from the West line (Unit N), respectively, all in Section 26, Township 28 North, Range 1 East, and the Alana Well No. 1 located 511 feet from the South line and 2144 feet from the West line (Unit N) of Section 11, Township 27 North, Range 1 East, all in Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8864: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Suntex Energy Corporation, Fidelity and Deposit Company of Maryland, and other interested parties to appear and show cause why the following wells in Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Suntex #1
1824 feet from the North line and 570 feet from the West line
(Unit E) of Section 26;

Suntex #2
660 feet from the South line and 365 feet from the East line
(Unit P) of Section 22;

Suntex #3
1858 feet from the North line and 1800 feet from the West line
(Unit F) of Section 14;

Suntex #4
935 feet from the North line and 1650 feet from the West line
(Unit C) of Section 23;

Suntex #5
2004 feet from the South line and 2310 feet from the West line
(Unit K) of Section 11;

Suntex #6
1980 feet from the South line and 660 feet from the West line
(Unit L) of Section 23.

CASE 8855: (Continued from March 19, 1986, Examiner Hearing)

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 March 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 8865: 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.

CASE 8805: (Continued from February 5, 1986, Examiner Hearing)

Application of Gary-Williams Oil Producer for a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Rio Puerco-Mancos Oil Pool by the reinjection of natural gas into the perforated interval from approximately 3691 feet to 4127 feet in its San Isidro "13" Well No. 11 located 1980 feet from the South and West lines of Section 13, Township 20 North, Range 3 West.

SE 8866: Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 180 feet from the South line and 130 feet from the East line of Section 9, Township 27 North, Range 12 West, Wildcat Gallup/Basin Dakota Pool, the SW/4 and S/2, respectively, of said Section 9, to be dedicated to the well.

SE 8849: (Continued from March 5, 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.

SE 8867: Application of Marshall Pipe and Supply Company for the amendment of Division Order No. R-8074, Roosevelt County, New Mexico. Division Order No. R-8074, dated November 5, 1985, compulsorily pooled all mineral interests from the top of the Wolfcamp formation to the top of the Precambrian underlying the S/2 of Section 27, Township 2 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit within said vertical limits, named Yates Petroleum Corporation the operator of the unit, and provided that the operator commence the drilling of a well at a standard gas well location thereon on or before January 31, 1986. Applicant in the above-styled cause, seeks the amendment of Division Order No. R-8074, extending the provisions of the order to allow an additional 60 days to commence the drilling of the well and that Marshall Pipe and Supply Company be named the operator of the subject well and unit.

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE APPROVED PURSUANT TO DIVISION RULES AND REGULATIONS.

SE 8868: Application of Mobil Producing Texas and New Mexico Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Bridges State Well No. 509, 1400 feet from the North line and 125 feet from the West line of Section 23, Township 17 South, Range 34 East, Vacuum (Grayburg-San Andres) Pool, Bridges State Waterflood Project, the SW/4 NW/4 of said Section 23, to be dedicated to the well.

SE 8869: Application of Texaco Producing, Inc. 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 S/2 SE/4 of Section 20, 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.

SE 8870: 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 into 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.

DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 9, 1986
9 A.M. - OIL CONSERVATION COMMISSION, MORGAN HALL, STATE
LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8835: (Continued from February 26, 1986, Commission Hearing)

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 8219: (Continued from February 26, 1986, Commission Hearing) (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: (Continued from February 26, 1986, Commission Hearing) (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 8712: (Continued from February 26, 1986, Commission Hearing) (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 8758: (De Novo)

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 Love State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line of said Section 36.

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

CASE 8802: (De Novo)

Application of Southland Royalty Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Corbin-Wolfcamp Pool in Township 18 South, Range 33 East, including a provision for 80-acre oil spacing and proration units.

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

CASE 8778: (De Novo)

Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Langlie Mattix Pool in the perforated interval from 3351 feet to 3546 feet in his Hodges Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit 0) of Section 8, Township 24 South, Range 37 East.

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

CASE 8781: (De Novo)

Application of Petro-Thermo Corporation for an exception to Division Order No. R-3221 and for authorization to dispose of associated waste hydrocarbons and other solids, obtained in conjunction with the drilling and production of oil and gas into a disposal site on the surface, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of produced salt water onto the surface in the E/2 NE/4 of Section 16, Township 20 South, Range 32 East. Applicant further seeks authorization to dispose of associated waste hydrocarbons and other related solids, obtained in conjunction with the drilling and production of oil and gas, onto the surface in said area. Laguna Plata, sometimes referred to as Laguna Grande is located within a portion of the above-described area.

Upon application of Snyder Ranches, Inc. and Pollution Control, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8690: (Continued from February 26, 1986, Commission Hearing) (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 8796: (Continued from February 26, 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 8783: (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 4825 feet beneath the surface to the base of the Bone Spring formation underlying the SE/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 Joseph S. Sprinkle, this case will be heard De Novo pursuant to the provisions of Rule 1220.