

Dockets Nos. 33-86 and 34-86 are tentatively set for November 5 and November 19, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 22, 1986
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 9005: Application of Diamond Shamrock Exploration Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, Antelope Ridge-Atoka Gas Pool, the S/2 of said Section 34 to be dedicated to the well.

CASE 9000: (Continued from October 8, 1986, Examiner Hearing)

Application of Lynx Petroleum Company for a non-standard oil proration unit and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of a 40-acre non-standard oil spacing and proration unit comprising the NE/4 SE/4 (Unit I) of Section 20, Township 17 South, Range 35 East, North Vacuum-Abo Pool, to be dedicated to a well to be drilled at an unorthodox oil well location 1980 feet from the South line and 660 feet from the East line.

CASE 9006: Application of Jerome P. McHugh & Associates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of Section 4, Township 25 North, Range 2 West, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 9007: Application of Sun Exploration and Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formations underlying the N/2 of Section 24, Township 18 South, Range 33 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit to be dedicated to a well to be drilled at a previously approved unorthodox gas well location (Division Order R-8157), 2080 feet from the North line and 600 feet from the East line of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8849: (Continued from September 3, 1986, Examiner Hearing)

Applicant 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 Spring Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

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

CASE 8932: (Reopened)

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 nor nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menefee 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: (Reopened)

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 Menefee 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 8974: (Reopened)

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 to be no nearer than 165 feet to the lease boundary nor nearer than 10 feet to any quarter-quarter section or subdivision inner boundary for wells completed in the Menefee member of the Mesaverde formation in the NE/4 and the W/2 of Section 28, 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 9008: 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 and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Grayburg production and designated as the Quail-Grayburg Pool. The discovery well is the Fred G. Yates Inc. Reddy-Gulf State Well No. 3 located in Unit E of Section 18, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 18: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Tatum-Morrow Gas Pool. The discovery well is the John L. Cox State 26 Well No. 1 located in Unit N of Section 26, Township 12 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 36 EAST, NMPM
Section 26: S/2

- (c) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Montoya production and designated as the Tule-Montoya Gas Pool. The discovery well is the Marshall Pipe and Supply Company Wendell Best Well No. 1 located in Unit J of Section 27, Township 2 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 27: S/2

- (d) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:

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

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: E/2
Section 22: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 4: S/2 NE/4

- (g) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMFM
 Section 21: NE/4
 Section 22: NW/4

- (h) EXTEND the South Double A-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMFM
 Section 36: NE/4

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMFM
 Section 31: NW/4

- (i) EXTEND the Kennitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMFM
 Section 33: NE/4
 Section 34: NW/4

- (j) EXTEND the South Kennitz-Upper Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMFM
 Section 33: E/2
 Section 34: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMFM
 Section 35: SE/4

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMFM
 Section 2: NE/4

- (l) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMFM
 Section 2: NW/4
 Section 3: E/2

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

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMFM
 Section 13: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMFM
 Section 22: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMFM
 Section 9: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMFM
 Section 14: S/2
 Section 23: NE/4

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 23, 1986
 OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

- CASE 9009: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 0.1 to define fresh water in a manner consistent with the designation of the State Engineer.
- CASE 9010: In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of a new Rule 118. The Division seeks the adoption of said rule to provide for the regulation of hydrogen sulfide gas in such a manner as to avoid endangering human life.
- CASE 9011: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 402. The Division seeks to eliminate the need for filing Form C-125 with Division district offices.
- CASE 9012: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 701.D. The Division seeks to amend said rule to eliminate the requirement for a hearing when a disposal well is to be located within 2 miles of oil or gas production in the same formation.
- CASE 9013: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 704. The Division seeks the amendment of said rule to provide for the conducting of step-rate tests, requests for injection pressure limit increases, and notice to the Division.
- CASE 9014: In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of a new Rule 1207(a)1.(ii). The Division seeks the adoption of said rule to provide for approval of unopposed compulsory pooling applications without oral testimony and based on information submitted with the application.
- CASE 9015: In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of new Rules 315, 413, and 903 to establish a gas priority production schedule. The Division seeks adoption of a hierarchy of classes of gas production in times of severely restricted demand for gas from New Mexico wells. Also to be considered will be the application of such rules to purchasers with marketing affiliates.
- CASE 9016: In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of a new Rule 414 to regulate sales of gas by separate owners in a well. The Division seeks the adoption of a rule to prohibit such sales in the absence of agreements or conditions which protect the correlative rights of all the owners in any affected well.
- CASE 9017: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 902. The Division seeks the amendment of said rule to provide for notice by purchasers to producers when such purchasers are unable to take gas in accordance with the provisions of such rule.
- CASE 9018: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-8170. The Division seeks the amendment of Rule 10(a), 11(a), and 11(b) of the General Rules for the Prorated Gas Pools of New Mexico to provide for two-year balancing periods and for a twelve times overproduced limit for the prorated gas pools of northwest New Mexico.
- CASE 8960: (De Novo) (Continued from September 18, 1986, Commission Hearing)
- Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East, to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, said unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8854: (De Novo) Continued from September 18, 1986, Commission Hearing)

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. Upon application of Mesa Grande Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8995: (Continued from September 18, 1986, Commission Hearing)

Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 185.84-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 7, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well to be drilled at an unorthodox oil well location 1700 feet from the North line and 600 feet from the East line of said Section 7.

CASE 8996: (Continued from September 18, 1986, Commission Hearing)

Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 186.36-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 18, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools to be dedicated to a well to be drilled at an unorthodox oil well location 1920 feet from the North line and 720 feet from the East line of said Section 18.

CASE 8951: (Continued from September 18, 1986 Commission Hearing)

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

CASE 9019: Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Niobrara member of the Mancos formation in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 19, Township 25 North, Range 1 West, to be dedicated to a well to be drilled at an unorthodox oil well location 1,340 feet from the North line and 1,903 feet from the West line of said

Section 19. 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 8952: (Continued from September 18, 1986, Commission Hearing)

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

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

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

Dockets Nos. 30-86 and 31-86 are tentatively set for October 8 and October 22, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 17, 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 October, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8983: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing Inc., the Travelers, and all other interested parties to appear and show cause why Oil Processing's authority under Division Order No. R-6053 to operate an oil treating plant located in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East, Lea County, should not be cancelled and why the site of such plant should not be reclaimed in a timely manner and to specifications authorized by the OCD.

CASE 8984: (Continued from September 3, 1986, Examiner Hearing)

Application of H. E. Prince Construction and Petroleum for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Linda-San Andres Pool in the open-hole interval from approximately 1019 feet to 1071 feet in its Federal Well No. 11 located 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 33, Township 6 South, Range 26 East.

CASE 8987: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Red Bluff State Unit Area comprising 8960 acres, more or less, of State and Federal lands in Townships 6 and 7 South, Range 24 East.

CASE 8939: (Continued from August 20, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3 located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from August 20, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8305: (Reopened) (Continued from September 3, 1986, Examiner Hearing)

In the matter of Case 8305 being reopened pursuant to the provisions of Order No. R-7660, which order promulgated temporary special rules and regulations for the North Chaveroo Permo-Pennsylvanian Pool in Roosevelt County, including a provision for 160-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 8988: Application of TXO Production 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 990 feet from the North line and 1980 feet from the West line of Section 12, Township 22 South, Range 27 East, East Carlsbad Wolfcamp Gas Pool, the W/2 of said Section 12 to be dedicated to the well.

CASE 8989: Application of Merrion Oil and Gas Corporation for directional drilling and an unorthodox bottom-hole oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to plug back, side track, and directionally drill their Federal "21" Well No. 1, located at a standard surface location 2310 feet from the South and West lines of Section 21, Township 20 North, Range 5 West, Ojo Encino-Entrada Oil Pool, to a new unorthodox bottom-hole location within 100 feet of a point 2310 feet from the South line and 2610 feet from the West line of said Section 21, the NE/4 SW/4 (Unit K) of said Section 21 to remain as the dedicated acreage to the well.

CASE 8971: (Readvertised)

Application of Cinco, Ltd. for a non-standard gas proration unit and for an exception to Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 32, Township 30 North, Range 7 West, Blanco-Mesaverde Pool, to be dedicated to a well to be drilled at a standard gas well location thereon. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 8972: (Readvertised)

Application of the Estate of Edward Gerber and Iris Gerber Danson for a non-standard gas proration unit and an exception to Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 32, Township 30 North, Range 7 West, Blanco-Mesaverde Pool, to be dedicated to its existing Ired State Well No. 1 located at a standard gas well location 790 feet from the South line and 1630 feet from the West line (Unit N) of said Section 32. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 8990: Application of A. L. Dawsey, Jr. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed El Vado Well No. 2 to be drilled 1770 feet from the South line and 970 feet from the East line of Section 11, Township 27 North, Range 1 East, Undesignated East Puerto Chiquito-Mancos Oil Pool, the SE/4 of said Section 11 to be dedicated to the well.

CASE 8991: 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 Meyers Well No. 2 to be drilled 1150 feet from the South line and 1750 feet from the West line of Section 33, Township 16 South, Range 37 East, West Casey-Strawn Pool, the E/2 SW/4 of said Section 33 to be dedicated to the well.

CASE 8992: Application of Amoco Production Company for the amendment of Division Order No. R-7267, Lea County, New Mexico. Division Order No. R-7267, dated April 23, 1983, issued in Case No. 7835, compulsorily pooled all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 24, Township 20 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-7267 to include a provision pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 (Unit E) of said Section 24 forming a standard 40-acre oil spacing and proration unit if the subject well covered in the original Order is completed as an oil producing well in the Wolfcamp formation. Applicant further requests that all other provisions in said Order No. R-7267 remain in full force and effect.

CASE 8958: (Continued from August 6, 1986, Examiner Hearing)

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

CASE 8993: Application of Texaco, 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 Lovington Lumpkin 20 Well No. 2 to be drilled 1470 feet from the South line and 150 feet from the East line of Section 20, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 SE/4 of said Section 20 to be dedicated to the well.

CASE 8994: Application of Union Texas Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the B.S. Mesa-Gallup, Basin-Dakota, and Blanco-Mesaverde Gas Pools in the wellbore of its Jicarilla G Well No. 9 located 990 feet from the North line and 1650 feet from the East line of Section 1, Township 26 North, Range 5 West.

Docket No. 29-86

DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 18, 1986
OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8960: (De Novo)

Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East, to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, said unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8781: (Rehearing)

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 the appeal of Snyder Ranches, Inc. and Pollution Control, Inc. for rehearing, this case will be heard pursuant to the provisions of Division General Rules 1220 and 1222.

CASE 8854: (De Novo)

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 2 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. Upon application of Mesa Grande Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8995: Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 185.84-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 7, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well to be drilled at an unorthodox oil well location 1700 feet from the North line and 600 feet from the East line of said Section 7.

CASE 8996: Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 186.36-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 18, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools to be dedicated to a well to be drilled at an unorthodox oil well location 1920 feet from the North line and 720 feet from the East line of said Section 18.

CASE 8951: (Continued from August 27, 1986, Commission Hearing)

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

CASE 8952: (Continued from August 27, 1986, Commission Hearing)

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

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

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