

Dockets Nos. 31-86 and 32-86 are tentatively set for October 22 and November 5, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

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

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

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

CASE 8983: (Continued from September 17, 1986, Examiner Hearing)

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 8997: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oilfield Services and all other interested parties to appear and show cause why Oilfield Services' authority under Division Order No. R-8237 to operate an oil treating plant located in the SE/4 NW/4 of Section 33, Township 29 North, Range 11 West, San Juan 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 8998: Application of Amoco Production Company for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bear Canyon Unit Area comprising 4,800.00 acres, more or less, of Federal and Fee lands in Township 26 North, Range 2 West.

CASE 8999: Application of V. H. Westbrook for Hardship Gas Well Classification, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that his Kinahan Federal Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 20, Township 15 South, Range 30 East, West Cedar Point-Wolfcamp Gas Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8984: (Continued from September 17, 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 9000: 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 9001: Application of HNG Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Malaga-Atoka Pool and the Strawn formation underlying the S/2 of Section 7, Township 24 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8993: (Continued from September 17, 1986, Examiner Hearing)

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 9002: Application of Zia Energy, Inc. for a non-standard gas proration unit, unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 240-acre non-standard gas spacing and proration unit comprising the E/2 NW/4, SW/4 NW/4, N/2 SW/4, and SE/4 SW/4 of Section 20, Township 22 South, Range 36 East, Jalmat Gas Pool, to be simultaneously dedicated to its Cities Federal Well No. 3 located at an unorthodox gas well location 330 feet from the North line and 2310 feet from the West line (Unit C) of said Section 20 and to its Cities Federal Well No. 4 located at a standard location 1650 feet from the North line and 2310 feet from the West line (Unit F) of said Section 20.

CASE 9003: Application of Pennzoil Company for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 150 feet from the South line and 1980 feet from the East line of Section 4, Township 17 South, Range 37 East, Shipp-Strawn Pool, and the simultaneous dedication of the W/2 SE/4 of said Section 4 to the well and to the existing Vierson Well No. 2 located in Unit O.

CASE 9004: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Eddy County, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for San Andres production and designated as the Espuela-San Andres Pool. The discovery well is the RPM Energy, Inc., State Well No. 1, located in Unit I of Section 16, Township 16 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM  
Section 16: SE/4  
Section 21: N/2 and SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Palmillo-Bone Spring Pool. The discovery well is the Moroilco, Inc., Hamon State Well No. 1, located in Unit L of Section 5, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 5: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Rustler Bluff-Atoka Gas Pool. The discovery well is the HNG Oil Co., Gulf Federal Well No. 1, located in Unit H of Section 5, Township 25 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM  
Section 5: E/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the North Turkey Track-Strawn Pool. The discovery well is the Hondo Drilling Co., Alscott Federal Well No. 3, located in Unit O of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 31: SE/4

- (e) EXTEND the South Loving-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 20: N/2

- (f) EXTEND the Owen Mesa-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM  
Section 25: W/2

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM  
Section 27: All

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

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Section 11: All

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

TOWNSHIP 14 SOUTH, RANGE 35 EAST, NMPM  
Section 33: NE/4

(j) EXTEND the Pitchfork Ranch-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM  
Section 33: S/2

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM  
Section 4: NW/4  
Section 5: N/2

(k) EXTEND the Northwest Shoe Bar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 15: N/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 12: NW/4

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Docket No. 36-86

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 20, 1986  
OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9010: (Continued from October 23, 1986, Commission Hearing)

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 9012: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rules 701 B and D. The Division seeks the amendment of said rules to: (1) 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 and to expand notification requirements for commercial disposal wells.

CASE 9015: (Continued from October 23, 1986, Commission Hearing)

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: (Continued from October 23, 1986, Commission Hearing)

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: (Continued from October 23, 1986, Commission Hearing)

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: (Readvertised)

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. Further to be considered is creation of a Gas Bank wherein gas allowable may be deposited for later use.

CASE 9039: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1220 to reflect that only parties of record shall have the right, as provided by law, to apply for a de novo hearing before the Oil Conservation Commission.

CASE 9003: (Continued from October 8, 1986, Examiner Hearing)

Application of Pennzoil Company for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 150 feet from the South line and 1980 feet from the East line of Section 4, Township 17 South, Range 37 East, Shipp-Strawn Pool, and the simultaneous dedication of the W/2 SE/4 of said Section 4 to the well and to the existing Vierson Well No. 2 located in Unit O.