

Dockets Nos. 13-87 and 14-87 are tentatively set for April 22 and May 6, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 8, 1987

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 May, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for May, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9108: (Continued from March 18, 1987, Examiner Hearing) (This Case will be dismissed.)

Application of Columbus Energy Corporation (formerly Consolidated Oil & Gas, Inc.) contesting the disqualification of an NGPA Section 108 Stripper Well Classification, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination under the stripper well protest procedures, applicable under FERC Regulations (Section 271.805 and 274.206), contesting the disqualification by the gas purchaser of an NGPA Section 108 Stripper Well Classification on its Compass Well No. 1 located 1690 feet from the South line and 1986 feet from the East line (Unit J) of Section 22, Township 31 North, Range 13 West, Basin-Dakota Pool.

CASE 9115: Application of Long Trusts for an unorthodox oil well location and non-standard oil proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for a well to be drilled 900 feet from the North line and 1650 feet from the East line of Section 3, Township 6 South, Range 33 East, South Peterson-Fusselman Pool, Lots 1 and 2 of said Section 3 to be dedicated to the well forming a non-standard 93.90-acre oil spacing and proration unit for said pool.

CASE 9106: (Continued from March 18, 1987, Examiner Hearing)

Application of Mesa Grande Resources, Inc. 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 Pictured Cliffs formation underlying the SE/4 of Section 5, Township 25 North, Range 2 West, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing 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 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 9107: (Continued from March 18, 1987, Examiner Hearing)

Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 5, Township 25 North, Range 2 West, forming a standard 320-acre oil spacing and proration unit in both pools 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 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 8963: (Continued from March 18, 1987, Examiner Hearing)

Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the W/2 of Section 16, Township 25 North, Range 2 West, 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 8964: (Continued from March 18, 1987, Examiner Hearing)

Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Manos and Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 23, Township 25 North, Range 2 West, 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 9071: (Continued and Readvertised)

Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 NW/4 of Section 8, Township 16 South, Range 37 East, to form a standard 80-acre oil 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 9104: (Continued from March 18, 1987, Examiner Hearing)

Application of Baruch-Foster Corporation for hardship gas well classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Little Jewel Com Well No. 1 located 1980 feet from the North line and 1900 feet from the West line (Unit F) of Section 31, Township 22 South, Range 27 East, South Carlsbad-Morrow and South Carlsbad-Strawn Gas Pools, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 9116: Application of Meridian Oil Inc. for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to have its Benson "3" Federal Well No. 1 located 760 feet from the North line and 280 feet from the East line (Unit B) of Section 3, Township 19 South, Range 30 East, approved as an unorthodox oil well location pursuant to the Special Rules and Regulations promulgated for the Benson-Strawn (Oil) Pool. IN THE ALTERNATIVE, the applicant seeks to have said well approved as an unorthodox gas well location if Yates Petroleum Corporation's application in Case No. 9109 to reclassify the Benson-Strawn Pool as a gas pool is granted.

CASE 9117: Application of Conoco Inc. for pool creation, special pool rules, discovery allowable and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for the Cherry Canyon formation comprising the S/2 SW/4 of Section 31, Township 23 South, Range 34 East, and the promulgation of temporary special rules and regulations therefor including a provision for 80-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable as allowed by Rule 509 of the Division's Central Rules to the discovery well for said pool being its Bell Lake Unit Well No. 11 located at an unorthodox oil well location for the proposed special pool rules 790 feet from the South line and 2265 feet from the West line (Unit N) of said Section 31.

CASE 9095: (Continued from March 4, 1987, Examiner Hearing)

Application of Curtis J. Little for the promulgation of Special Pool Rules for the Ojito Gallup-Dakota Oil Pool or, in the alternative, to abolish the Ojito Gallup-Dakota Oil Pool and to concomitantly expand the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks to establish Special Rules and Regulations for the Ojito Gallup-Dakota Oil Pool including a provision for 160-acre spacing. IN THE ALTERNATIVE, the applicant seeks to abolish said Ojito Gallup-Dakota Oil Pool and to concomitantly expand the horizontal limits of the West Lindrith Gallup-Dakota Oil Pool to include the horizontal extent of the abolished pool plus the E/2 NE/4 of Section 21, Township 25 North, Range 3 West, Rio Arriba County.

CASE 9092: (Continued from March 4, 1987, Examiner Hearing)

Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Lindrith Gallup-Dakota Oil Pool underlying the SE/4 of Section 22, Township 25 North, Range 3 West, to form a standard 160-acre oil 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 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 9094: (Continued from March 4, 1987, Examiner Hearing)

Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ojito Gallup-Dakota Oil Pool underlying the NE/4 NE/4, NW/4 NE/4, SE/4 NE/4 and SW/4 NE/4 of Section 12, Township 25 North, Range 3 West, to form four standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral

Dockets Nos. 10-87 and 11-87 are tentatively set for March 18 and April 8, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 4, 1987
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 9057: (Reopened and Readvertised)

Application of New Mexico Petroleum Company to amend Division Order No. R-3960 and to transfer ownership of its oil treating plant approved by said Order, Lea County, New Mexico. Division Order No. R-3960, dated May 12, 1970, authorized New Mexico Petroleum Company to install and operate an oil treating plant at a site located in the SE/4 of Section 25, Township 11 South, Range 33 East. Applicant, in the above-styled cause, seeks to amend said Order to reflect the proper location of said plant site in the SW/4 SE/4 of Section 7, Township 11 South, Range 34 East. Applicant further seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland Caudill to Jess Keeth pursuant to Division General Rule 312.

CASE 8798: (Reopened)

In the matter of Case 8798 being reopened pursuant to the provisions of Order No. R-8182, which promulgated temporary special rules and regulations for the Casey-Strawn Pool in Lea County, including a provision for 80-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 9078: (Continued from February 18, 1987, Examiner Hearing)

Application of BTA Oil Producers to contract the horizontal limits of the West Osudo-Wolfcamp Pool and the concomitant creation of a new gas pool with special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the West Osudo-Wolfcamp Pool by the deletion therefrom of the NE/4 of Section 23, Township 20 South, Range 35 East, and the concomitant creation of a new gas pool for Wolfcamp production comprising the aforementioned area. Applicant further seeks the promulgation of temporary special pool rules therefor including a provision for 160-acre spacing.

CASE 9086: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 3595 feet to 9500 feet underlying the NE/4 SW/4 and SE/4 NW/4 of Section 12, Township 18 South, Range 31 East, forming two standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling that well.

CASE 9087: Application of Diamond Shamrock Exploration Company for an amendment to Division Order No. R-8331, Lea County, New Mexico. Division Order No. R-8331, dated November 4, 1986, authorized an unorthodox gas well location for the Antelope Ridge-Atoka Gas Pool for a well to be located 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East. Applicant, in the above-styled cause, now seeks to amend Order No. R-8331 to include the Morrow formation in the provisions set forth in said Order.

CASE 9088: Application of Nearburg Producing Company to amend the unorthodox location authorized by Division Order No. R-8375 and to include a directional drilling provision in said Order, Lea County, New Mexico. Division Order No. R-8375, dated December 23, 1986, authorized an unorthodox oil well location in the Undesignated South Humble City-Strawn Pool for a well to be drilled 1665 feet from the North line and 830 feet from the East line of Section 12, Township 17 South, Range 37 East. Applicant, in the above-styled cause, seeks to amend said Order to include authorization to directionally drill its well, located at the above-described surface location, to a bottomhole location in the Strawn formation within 100 feet of a point, 1980 feet from the North line and 430 feet from the East line of said Section 12, said bottomhole target point being unorthodox pursuant to the Special Rules promulgated for the South Humble City-Strawn Pool.

CASE 9089: Application of David Petroleum Company for compulsory pooling and unorthodox oil well location, 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 Undesignated Humble City-Atoka Pool underlying the N/2 NE/4 of Section 14, Township 17 South, Range 37 East, to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are being developed on 80-acre spacing, said unit to be dedicated to a well to be drilled at an unorthodox oil well location 1200 feet from the North line and 1950 feet from the East line of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 9090: Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos and the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 16, Township 25 North, Range 2 West, to form a standard 320-acre oil 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 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 9091: Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Lindrith Gallup-Dakota Oil Pool underlying the NE/4 of Section 27, Township 25 North, Range 3 West, to form a standard 160-acre oil 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 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 9092: Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Lindrith Gallup-Dakota Oil Pool underlying the SE/4 of Section 22, Township 25 North, Range 3 West, to form a standard 160-acre oil 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 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 9093: Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos and the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools underlying the E/2 of Section 24, Township 25 North, Range 3 West, to form a standard 320-acre oil 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 9094: Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ojito Gallup-Dakota Oil Pool underlying the NE/4 NE/4, NW/4 NE/4, SE/4 NE/4 and SW/4 NE/4 of Section 12, Township 25 North, Range 3 West, to form four standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the NE/4 of said Section 12, to form a standard 160-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon, both provisions to be in accordance with the Special Pool Rules which are in existence at the time said well is drilled. Also to be considered in either case will be the cost of drilling and completing said well or wells 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 or wells and a charge for risk involved in drilling that well.
- CASE 9095: Application of Curtis J. Little for the promulgation of Special Pool Rules for the Ojito Gallup-Dakota Oil Pool or, in the alternative, to abolish the Ojito Gallup-Dakota Oil Pool and to concomitantly expand the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks to establish Special Rules and Regulations for the Ojito Gallup-Dakota Oil Pool including a provision for 160-acre spacing. IN THE ALTERNATIVE, the applicant seeks to abolish said Ojito Gallup-Dakota Oil Pool and to concomitantly expand the horizontal limits of the West Lindrith Gallup-Dakota Oil Pool to include the horizontal extent of the abolished pool plus the E/2 NE/4 of Section 21, Township 25 North, Range 3 West, Rio Arriba County.
- CASE 9096: Application of John E. Schalk for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for an existing 160-acre non-standard gas proration unit, comprising the NE/4 of Section 8, Township 25 North, Range 3 West, Blanco-Mesaverde Pool, (Division Order No. R-6469, as amended) and dedicated to its Schaik-Gulf Well No. 2 located at a standard location thereon.
- CASE 9097: Application of Columbus Energy Corporation for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for certain existing 160-acre, more or less, non-standard gas proration units in the Blanco-Mesaverde Pool, located in Township 31 North, Ranges 12 and 13 West.