

Dockets Nos. 16-88 and 17-88 are tentatively set for May 25 and June 8, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 11, 1988

**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 June, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for June, 1988, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9356: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amending the "Special Rules For Applications For Wellhead Price Ceiling Category Determinations," pursuant to the Natural Gas Policy Act of 1978 (NGPA), as promulgated by Division Order No. R-5878-B, as amended, by revising Forms C-132 and C-132-A to reflect the Department name change.

CASE 9368: Application of Siete Oil & Gas Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Blackhawk Federal Lease underlying the SE/4 of Section 23 and the SW/4 and SE/4 NW/4, of Section 24, both in Township 18 South, Range 31 East, by the injection of water into the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in the perforated interval from approximately 3722 feet to 3747 feet in its Blackhawk Federal Well No. 3, located 2040 feet from the South line and 920 feet from the West line (Unit L) of said Section 24. Said well is located approximately one mile north of the Texas-New Mexico Pipeline Maljamar Plant No. 2 Booster Station.

CASE 9369: Application of Hixon Development Company 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 Oil Pool underlying all of Section 36, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Tapacitos Well No. 4 located at an unorthodox oil well location within the buffer zone as prescribed by Rule 2(b) of R-7407-E 1100 feet from the South line and 1600 feet from the East line (Unit O) of said Section 36 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and to which the E/2 of said Section 36 is presently dedicated. 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. Said unit is located approximately 3.5 miles southwest by south of Gavilan, New Mexico.

CASE 9377: Application of Hixon Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all overriding royalty interests in the Gavilan-Mancos Oil Pool underlying all of Section 25, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Tapacitos Well No. 2 located at a previously approved unorthodox location (NSL-1404) 1545 feet from the South line and 790 feet from the West line (Unit L) of said Section 25 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and in which the S/2 of said Section 25 is presently dedicated. Said well is located approximately 4.5 miles north-northwest of Gavilan, New Mexico.

CASE 9370: Application of Union Texas Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Basin-Dakota and Blanco-MesaVerde Pools in the wellbore of its Jicarilla "G" Well No. 8, located 1650 feet from the North and East lines (Unit G) of Section 2, Township 26 North, Range 5 West. Said well is located approximately 9.5 miles northwest by west of the Southern Union Gas Company Ojito Camp.

CASE 9371: Application of Reading & Bates Petroleum Company 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 Oil Pool underlying all of Section 15, Township 25 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Howard Federal "15" Well No. 43 located at a standard oil well location 1650 feet from the South line and 790 feet from the East line of said Section 15 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and to which the E/2 of said Section 15 is presently dedicated. 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. Said unit is overlaid by the community of Gavilan, New Mexico.

CASE 9376: Application of Nearburg Producing Company to amend Division Order No. R-8605 and the assignment of an oil allowable retroactive to April 1, 1988, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8605, dated March 8, 1988, by changing the non-standard oil proration unit to include Lots 3 and 4 of Section 19, Township 16 South, Range 37 East, to be dedicated to its Soledad "19M" Well No. 1 located at an unorthodox location 1000 feet from the South and West lines of said Section 19 thereby forming a non-standard oil spacing and proration unit consisting of 100.81 acres. Applicant also seeks the assignment of an oil allowable for said well to be made retroactive to April 1, 1988 based on the new acreage factor. Said well is located approximately 4.25 miles southeast of Lovington, New Mexico.

CASE 9350: (Continued from April 27, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9367: (Continued from April 27, 1988, Examiner Hearing)

Application of Marsh Operating Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of Section 34, Township 16 South, Range 34 East, to test the Undesignated South Kemnitz Atoka-Morrow Gas Pool, the N/2 of said Section 34 to be dedicated to the well. Said well is located approximately 5.5 miles North-Northwest of Buckeye, New Mexico.

CASE 9372: Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, and a non-standard gas proration unit, 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 the E/2 W/2 and Lots 1 through 4 of Section 30, Township 21 South, Range 28 East, forming a non-standard 313.12-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, 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. Said unit is located approximately 6 miles east-northeast of Carlsbad, New Mexico.

CASE 9374: Application of Bass Enterprises Production Company for compulsory pooling, and two non-standard gas proration units Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Morrow formation or to a depth of 12,100 feet, whichever is deeper, underlying the SE/4, E/2 SW/4, and Lots 3 and 4 of Section 30, Township 21 South, Range 28 East, to form a non-standard 316.44-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical limits and the E/2 SW/4 and Lots 3 and 4 of said Section 30 to form a non-standard 156.44-acre gas spacing and proration unit for any and all formations and or pools within said vertical limits developed on 160-acre spacing, both aforementioned units to be dedicated to a single 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. Said units are located approximately 6 miles east-northeast of Carlsbad, New Mexico.

CASE 9373: Application of Texaco Producing Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Brushy Draw-Delaware Pool in the perforated interval from approximately 5417 feet to 6170 feet in its Salt Mountain "36" State Well No. 1 located 660 feet from the North and West lines (Unit D) of Section 36, Township 26 South, Range 29 East, which is located approximately 2.25 miles east by north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 8334: (Reopened)

In the matter of Case No. 8834 being reopened pursuant to the provisions of Division Order No. R-8222, which promulgated temporary special pool rules and regulations for the Alston Ranch-Upper Pennsylvanian Pool in Lea County, New Mexico, including a provision for 160-acre spacing units. Operators in the subject pool may appear and show cause why the Alston Ranch-Upper Pennsylvanian Pool should not be developed on 40-acre proration units. The present horizontal extent of said pool consists of the W/2 of Section 25, Township 13 South, Range 34 East, which is located approximately 9 miles west by north of McDonald, New Mexico.

- CASE 9397: Application of Petrus Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1650 feet from the South line and 2590 feet from the West line (Unit K) of Section 11, Township 17 South, Range 33 East, to test the Queen formation, the NE/4 SW/4 of said Section 11 to be dedicated to said well. Said location is approximately 3.5 miles north-northwest of Buckeye, New Mexico.
- CASE 9398: Application of Exxon Corporation for downhole commingling, simultaneous dedication, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Drinkard, Tubb Oil and Gas, and Blinebry Oil and Gas Pools within the wellbore of its N. G. Penrose Wells Nos. 1 and 2 located in Unit B (660' FNL and 1980' FEL) and Unit H (1980' FNL and 660' FEL), respectively, Section 13, Township 22 South, Range 37 East, and to commingle production for the Drinkard, Wantz-Granite Wash, Blinebry Oil and Gas, and Tubb Oil and Gas Pools within the wellbore of its N. G. Penrose Well No. 4 located in Unit A (350' FNL and 660' FEL) of said Section 13. Applicant further seeks to simultaneously dedicate Tubb gas production from the three above-described wells with the N. G. Penrose Well No. 3 located in Unit G (1980' FN and EL) of said Section 13 to the NE/4 of Section 13 forming a standard 160-acre gas spacing and proration unit for said pool. Also the applicant seeks approval for an unorthodox gas well location for said N. G. Penrose Well No. 4 in the Tubb Pool. Said wells are located approximately 4 miles southeast of Eunice, New Mexico.
- CASE 9399: Application of Exxon Corporation to amend Division Administrative Order DHC-195, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Administrative Order DHC-195, as amended April 15, 1988, which authorized downhole commingling of production from the Drinkard, Wantz-Granite Wash, and Blinebry Oil and Gas Pools in its N. G. Penrose Well No. 3 located 1980 feet from the North and East lines (Unit G) of Section 13, Township 22 South, Range 37 East, by removing from said order the testing provisions of the Blinebry zone. Said well is located approximately 4 miles southeast of Eunice, New Mexico.
- CASE 9353: (Continued from May 25, 1988, Examiner Hearing)
- Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.
- CASE 9400: Application of Wagner and Brown to amend Division Order No. R-4326, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-4326 by expanding the existing disposal interval in its Soldier Hill "AE" State Well No. 1, located 800 feet from the North line and 1800 feet from the West line (Unit C) of Section 23, Township 12 South, Range 32 East (currently disposing into the East Caprock-Devonian Pool from 11,224 feet to 11,234 feet), to include all formations from 6,000 feet to 11,234 feet. Said well is located approximately 8.5 miles south by east of Caprock, New Mexico.
- CASE 9401: Application of Northwest Pipeline Corporation for salt water disposal, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water, at a maximum injection pressure in excess of 0.2 psi/ft. of depth to the uppermost perforation, into the Blanco-Mesaverde Pool in the perforated interval from 5360 feet to 5681 feet in its Rosa Unit Well No. 94 located 1650 feet from the South line and 1820 feet from the West line (Unit K) of Section 16, Township 31 North, Range 5 West, which is located approximately 7 miles south of the point common to Colorado, New Mexico, and the western boundary of the Carson National Forest.
- CASE 9402: Application of Union Texas Petroleum Corporation for an infill well finding, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to FERC Rule 271.305 of the Natural Gas Policy Act of 1978 and to Rule 16.A.5 of Division Order No. R-5878-B, as amended, showing that its State Com Well No. 1-A located 1028 feet from the North line and 1120 feet from the East line (Unit A) of Section 16, Township 28 North, Range 9 West, Basin-Dakota Pool, is needed to effectively and efficiently drain the existing 320-acre gas spacing and proration unit comprising the E/2 of said Section 16 which could not otherwise be produced by either the existing well or any other such well which has produced from the Basin-Dakota Pool within said unit. This unit is located approximately 4.75 miles southeast by south of Blanco, New Mexico.
- CASE 9371: (Continued from May 11, 1988, Examiner Hearing)
- Application of Reading & Bates Petroleum Company 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 Oil Pool underlying all of Section 15, Township 25 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Howard Federal "15" Well No. 43 located at a standard oil well location 1650 feet from the South line and 790 feet from the East line of said Section 15 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and to which the E/2 of said Section 15 is presently dedicated. 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. Said unit is overlaid by the community of Gavilan, New Mexico.

Dockets Nos. 19-88 and 20-88 are tentatively set for June 22 and July 6, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 8, 1988

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, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9380: (Readvertised) (This case will be continued to June 22, 1988.)

Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Fork Unit Area comprising 20,775.02 acres, more or less, of State, Federal and Fee lands in portions of Townships 4 and 5 South, Ranges 21 and 22 East. The center of said acreage is approximately 3 1/4 miles west of the intersection of U.S. Highway No. 285 and State Highway No. 20.

CASE 9395: Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 12, Township 13 South, Range 32 East, to test all formations and/or pools to the base of the Mississippian formation, developed on 320-acre spacing, the E/2 of said Section 12 to be dedicated to said well. Said well is approximately 12.75 miles south by east of Caprock, New Mexico.

CASE 9382: (Continued from May 25, 1988, Examiner Hearing)

Application of TXO Production Corp. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Phiester State Unit Area comprising 320 acres, more or less, of State lands in the E/2 of Section 36, Township 11 South, Range 37 East. Said unit is located approximately 4.5 miles north of U.S. Highway 380 on County Road 168.

CASE 9383: (Continued from May 25, 1988, Examiner Hearing)

Application of TXO Production Corp. for directional drilling and unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the plugged and abandoned Skelton Oil Company Phillips State Well No. 1 located 2310 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 11 South, Range 37 East, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted locations (both of which are unorthodox):

1. In the Wolfcamp formation - 2570 feet from the North line and 1604 feet from the East line of said Section 36; and,
2. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36;

both zones to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit. IN THE ALTERNATIVE, should re-entry into the aforementioned well be found impracticable, the applicant seeks authority to re-enter the temporarily abandoned Apache Corporation Heyco "36" State Well No. 1 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 36, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted locations (both of which are unorthodox):

1. In the Wolfcamp formation - 1890 feet from the North line and 1289 feet from the East line of said Section 36 to be dedicated to the SE/4 NE/4 (Unit H) of said Section 36 forming a standard 40-acre oil spacing and proration unit; and,
2. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36 to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit.

Said unit is located approximately 4.5 miles north of U.S. Highway 380 on County Road 168.

CASE 9396: Application of BCO, Inc. for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order modifying the standard 40-acre spacing requirements for its State "J" Well No. 1 located 540 feet from the North line and 820 feet from the East line (Unit A) of Section 16, Township 23 North, Range 7 West, which is presently completed as an oil well in both the Undesignated Lybrook-Gallup Oil Pool and Graneros formation (DHC-672) and dedicated to the NE/4 NE/4 of said Section 16, by: (a) permitting the dedication of an additional 40 acres (NW/4 NE/4) to said unit, thereby forming a non-standard 80-acre oil spacing and proration unit consisting of the N/2 NE/4 of said Section 16; and (b) said order to be made retroactive to the date of first production, October 13, 1987. Said well is located in Lybrook, New Mexico.