

Dockets Nos. 30-88 and 31-88 are tentatively set for October 12 and October 16, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 28, 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 Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

CASE 9413: (Continued from August 17, 1988, Examiner Hearing.)

Application of Yates Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special pool rules for the Avalon-Delaware Pool located in portions of Township 20 South, Ranges 27 and 28 East, including a provision to increase the gas-oil ratio limitation to 5,000 cubic feet of gas per barrel of oil. Said area is located approximately 9 miles north of Carlsbad, New Mexico.

CASE 9487: Application of TXO Producing Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying either the SW/4 SW/4 (Unit M) of Section 2, Township 17 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for said zones and/or the W/2 SW/4 of said Section 2 to form a standard 80-acre oil spacing and proration unit for said zones (subject to the adoption of Special Pool Rules). Said unit(s) are to be dedicated to either well covered in Division Case 9470. Also to be considered will be the costs of drilling (or re-entering) and completing the 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 re-entering and directional drilling or in drilling the well. The proposed units are located approximately 6.75 miles south of the old Hobbs Army Air Forces Auxiliary Airfield No. 1.

CASE 9456: (Continued from August 31, 1988, Examiner Hearing.)

Application of Foy and Middlebrook for an unorthodox gas well location, dual completion, and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Culp Ranch Unit Well No. 2 located 330 feet from the North line and 990 feet from the West line (Unit D) of Section 11, Township 12 South, Range 30 East, by disposing of produced salt water down through tubing into the Graham Springs-Devonian Pool in the open hole interval from 10,370 feet to 10,393 feet and producing gas from the Morrow formation up the casing/tubing annulus in said well, which is at an unorthodox gas well location, the N/2 of said Section 11 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 12.75 miles S 60° W of Caprock, New Mexico.

CASE 9488: Application of BHP Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation or to a depth of 8100 feet, whichever is deeper, underlying Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito Mancos-Oil Pool or other pools having 640-acre spacing; the E/2 of said section for pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 34. 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 1/2 miles north of Regina, New Mexico.

CASE 9480: (Continued from September 14, 1988, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the W/2 of Section 11, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which only includes the Undesignated East Carlsbad-Wolfcamp Gas Pool at this time). Said unit is 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 3/4 mile east of the Carlsbad Municipal Sewage Disposal Plant.

CASE 9489: Application of Blackwood & Nichols Co., Ltd. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Nacimiento formation in the perforated interval from approximately 1798 feet to 2250 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West, which is located approximately 8 miles north-northeast of Navajo dam, New Mexico.

CASE 9468: (Continued from August 31, 1988, Examiner Hearing.)

Application of Nearburg Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the the above-styled cause, seeks approval for an unorthodox oil well location 400 feet from the North line and 2240 feet from the East line (Unit B) of Section 30, Township 16 South, Range 37 East, to test the Strawn formation, Northeast Lovington-Pennsylvanian Pool, the N/2 NE/4 of said Section 30 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said formation. Said location is approximately 4.5 miles southeast of Lovington, New Mexico.

CASE 9490: Application of Texaco Producing Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in any and all formations to the base of the Strawn formation underlying the E/2 of Section 17, Township 25 South, Range 36 East, forming a standard 320-acre spacing and proration unit for any and all formations developed on 320-acre spacing. Said unit is to be dedicated to its West Jal B Deep Well No. 1 located at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 17. 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 5 1/2 miles west by north of Jal, New Mexico.

CASE 9472: (Continued from September 14, 1988, Examiner Hearing.)

Application of Terra Resources, Inc. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to either the base of the Morrow formation or to a depth of 9300 feet, whichever is deeper, (which includes but is not necessarily limited to the Undesignated Dayton-Wolfcamp Gas Pool, Undesignated Boyd-Morrow Gas Pool, and Undesignated Atoka-Pennsylvanian Gas Pool) underlying Lots 1 through 4 and the E/2 W/2 of Section 31, Township 18 South, Range 26 East, forming a standard 316-acre, more or less, gas spacing and proration unit, to be dedicated to a well to be drilled 1980 feet from the North line and 1617 feet from the West line (Unit F) of said Section 31, which is unorthodox for the Atoka-Pennsylvanian Gas Pool Rules. 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 location is approximately 6 miles northwest by north of Lakewood, New Mexico.

CASE 9491: Application of Foran Oil Company for simultaneous dedication, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to simultaneously dedicate a standard 320-acre gas spacing and proration unit in the Diamond Mound Atoka-Morrow Gas Pool consisting of the W/2 of Section 36, Township 15 South, Range 27 East, to the existing State "ET" Well No. 1 located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of said Section 36 and to a second well to be drilled at a standard gas well location in the SW/4 of said Section 36. Said unit is located approximately 14 miles east-northeast of Artesia, New Mexico.

CASE 9475: (Continued from August 31, 1988, Examiner Hearing.)

Application of Meridian Oil, 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 Oil Pool underlying all of Section 2, Township 26 North, Range 2 West, to form a 638.28-acre, more or less, standard oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location in Lot 3 of said Section 2. 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 14 miles north of Lindrith, New Mexico.

CASE 9476: (Continued from August 31, 1988, Examiner Hearing.)

Application of Meridian Oil, 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 Oil Pool underlying all of Section 3, Township 26 North, Range 2 West, to form a 636.80-acre, more or less, standard oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location in the SW/4 NW/4 (Unit E) of said Section 3. 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 14 miles north of Lindrith, New Mexico.

CASE 9488: (Continued from September 28, 1988, Examiner Hearing.)

Application of BHP Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation or to a depth of 8100 feet, whichever is deeper, underlying Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito Mancos-Oil Pool or other pools having 640-acre spacing; the E/2 of said section for pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 34. 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 6½ miles north of Regina, New Mexico.

CASE 9494: (Continued from September 28, 1988, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Lea and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Airstrip-Wolfcamp Pool. The discovery well is the Meridian Oil Inc. Tonto 23 Well No. 1 located in Unit B of Section 23, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 23: NE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the East Pitchfork Ranch-Atoka Gas Pool. The discovery well is the Tom Brown Inc. Madera "25" Federal Well No. 1 located in Unit J of Section 25, Township 24 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 25: S/2

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cisco production and designated as the East Ranger Lake-Cisco Pool. The discovery well is the MWJ Producing Company Elkan 6 Com Well No. 1 located in Unit L of Section 6, Township 13 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM
Section 6: SW/4

(d) CONTRACT the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 26: E/2
Section 35: SE/4 NW/4, NW/4 NE/4, and S/2 NE/4

(e) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 22: SE/4
Section 23: S/2
Section 26: E/2
Section 35: SE/4 NW/4, NW/4 NE/4, and S/2 NE/4

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 13: N/2

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

(g) EXTEND the Southwest Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 18: E/2

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

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 36: NE/4

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM
Section 31: S/2 N/2

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

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
Section 2: SE/4
Section 11: NE/4
Section 12: NW/4

- (j) EXTEND the Lovington Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 32: SE/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 6: Lots 11, 12, 13, and 14

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 20: SE/4
Section 21: W/2

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 15: NW/4

- (n) EXTEND the South-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 29: SW/4 and W/4 SE/4

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

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 4: S/2

- (p) EXTEND the South Prairie-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 27: NW/4
Section 28: N/2
Section 29: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 31: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 36: W/2

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 1: NW/4

- (s) EXTEND the North Shoe Bar-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 17: N/2
Section 18: NE/4

CASE 9515: Application of OXY USA, Inc. 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 Wolfcamp formation underlying the NE/4 SE/4 (Unit I) of Section 29, Township 19 South, Range 36 East, to form a standard 40-acre oil spacing and proration unit for any and all pools or formations developed on statewide 40-acre spacing (which includes but is not necessarily limited to the Undesignated East Pearl-Queen Pool, Undesignated Eunice Monument-Grayburg-San Andres Pool, and an oil well in the Undesignated Eumont Gas Pool), to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles west of Monument, New Mexico.

CASE 9516: Application of Amoco Production Company 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 Oil Pool underlying all of Section 2, Township 26 North, Range 2 West, forming a standard 636.80-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location therein. 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 4 miles east of Ojito, New Mexico Post Office.

CASE 9517: Application of Amoco Production Company 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 Oil Pool underlying all of Section 3, Township 26 North, Range 2 West, forming a standard 638.28-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled at a standard oil well location therein. 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 8 miles north of Lindrith, New Mexico.

CASE 9501: (Continued from October 12, 1988, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying all of Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool or other pools having 640-acre spacing; the E/2 of said section for the Basin-Dakota Pool or any other pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools and/or formations having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 28. 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 6½ miles north of Regina, New Mexico.

CASE 9488: (Continued from October 12, 1988, Examiner Hearing.)

Application of BHP Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation or to a depth of 8100 feet, whichever is deeper, underlying Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito Mancos-Oil Pool or other pools having 640-acre spacing; the E/2 of said section for pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 34. 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 6½ miles north of Regina, New Mexico.

CASE 9512: (Continued from October 26, 1988, Examiner Hearing.)

Application of ARCO Oil and Gas Company to reinstate Division Order No. R-4984, simultaneous dedication and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reinstate Division Order No. R-4984 which authorized the standard 640-acre gas spacing and proration unit in the Jalmat Gas Pool, consisting of Section 14, Township 22 South, Range 36 East, to be simultaneously dedicated to the McDonald "WN" State Wells No. 11 and 27 (Well No. 27 being at an unorthodox gas well location) located in Units D and O, respectively. Applicant further seeks the addition of the McDonald "WN" State Wells No. 28 (authorized by the Division Director by letter dated June 18, 1976) and 31 located in Units F and A, respectively, of said Section 14, said Well No. 31 being at an unorthodox gas well location 660 feet from the North and East lines of said Section 14. Said unit is located approximately 7 miles southwest by west of Eunice, New Mexico.

CASE 9524: Application of Amerind Oil Company for directional drilling and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its State MTS Well No. 1 located at a standard surface location 1830 feet from the South line and 660 feet from the East line (Unit I) of Section 2, Township 17 South, Range 37 East, wherein the applicant proposes to directionally drill said well to penetrate the Strawn formation, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, at an unorthodox bottomhole location 2310 feet from the South line and 330 feet from the East line (Unit I) of said Section 2. The E/2 SE/4 of said Section 2 is to be dedicated to the subject well. IN THE ALTERNATIVE, should re-entry into the aforementioned well be unsuccessful, the applicant seeks to drill the State MTS Well No. 1-A at an unorthodox surface location 2310 feet from the South line and 330 feet from the East line (Unit I) of said Section 2 to test the Strawn formation. This area is located approximately 4 miles North of Humble City, New Mexico.

CASE 9525: Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-6469, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-6469, as amended, to rescind approval for those non-standard proration units approved therein located in Township 24 North, Range 1 West and Township 26 North, Range 1 West. The center of said area is located approximately 13 miles southwest of Regina, New Mexico.

CASE 9526: Application of Unocal Corporation for reinstatement of allowable under Rule 11 (h) of Division Order No. R-8170, as amended, Rio Arriba and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the reinstatement of gas allowable for 10 wells in the Basin-Dakota Pool, 10 wells in the Blanco-Mesaverde Pool and 26 wells in the South Blanco-Pictured Cliffs Pool which allowable was cancelled in the May 1988 proration schedule under the provisions of Rules 10(a) or 13(b) of said Order No. R-8170, and resulted from non-access or limited access to the average market demand for the respective pools.

CASE 9501: (Continued from October 26, 1988, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying all of Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool or other pools having 640-acre spacing; the E/2 of said section for the Basin-Dakota Pool or any other pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools and/or formations having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 28. 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 6½ miles north of Regina, New Mexico.

CASE 9488: (Continued from October 26, 1988, Examiner Hearing.)

Application of BHP Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation or to a depth of 8100 feet, whichever is deeper, underlying Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos-Oil Pool or other pools having 640-acre spacing; the E/2 of said section for pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 34. 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 6½ miles north of Regina, New Mexico.

-88 and 36-88 are tentatively set for November 22 and December 7, 1988. Applications for hearing at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 9, 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 December, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 9518: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Winter Queen State Unit Area comprising 2,085.55 acres, more or less, of State lands underlying all of Sections 3 and 10, and portions of Sections 4 and 9 in Township 12 South, Range 32 East. Said unit is located approximately 5.5 miles South of Caprock, New Mexico.
- CASE 9519: Application of M. Brad Bennett, Inc. 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 South and East lines (Unit P) of Section 6, Township 16 South, Range 34 East, to test the Pennsylvanian formation, Hume-Atoka Gas Pool and Hume-Morrow Gas Pool, the S/2 of said Section 6 to be dedicated to the well. Said location is approximately 11 miles Northwest of Buckeye, New Mexico.
- CASE 9520: Application of Exxon Corporation 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 Morrow formation underlying the W/2 of Section 32, Township 20 South, Range 33 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles South of Laguna Gatuna Salt Lake.
- CASE 9521: Application of Keith McKamey 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 Wolfcamp formation or to a depth of 11,200 feet, whichever is shallower, (which includes but is not necessarily limited to the Undesignated Gem-Wolfcamp Pool, Undesignated East Lusk-Bone Spring Pool, East Lusk-Delaware Pool, and Undesignated South Tonto-Yates-Seven Rivers Pool) underlying the NW/4 SW/4 of Section 25, Township 19 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit, to be dedicated to the existing Grace Petroleum Corporation West Tonto "A" Federal Com Well No. 1-Y, to be re-entered by the applicant and located at a previously approved unorthodox oil well location (Administrative Order No. NSL-1442) 2450 feet from the South line and 660 feet from the West line (Unit L) of said Section 25. 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 4 miles Northwest of Laguna Gatuna Salt Lake.
- CASE 9522: Application of Pennzoil Exploration and Production Company for the amendment of Division Order No. R-8716, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8716, which order authorized an unorthodox oil well location 2310 feet from the South line and 810 feet from the West line (Unit L) of Section 1, Township 17 South, Range 37 East. Applicant now seeks to substitute therefor an unorthodox oil well location 900 feet from the South line and 1750 feet from the West line of said Section 1, Undesignated Shipp-Strawn Pool, with the S/2 SW/4 of said Section 1 being dedicated to its Price Family Trust Well No. 2, forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 4.5 miles North by East of Humble City, New Mexico.
- CASE 9523: Application of OGS Operating Company, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 5, Township 24 South, Range 25 East, forming a standard 319.62-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre gas well spacing, said unit to be dedicated to a well to be drilled at a standard gas well location 990 feet from the North line and 1980 feet from the West line (Unit C) of said Section 5. 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 Northwest of Whites City, New Mexico.

CASE 9488: (Continued from November 9, 1988, Examiner Hearing.)

Application of BHP Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota Formation or to a depth of 8100 feet, whichever is deeper, underlying Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito Mancos-Oil Pool or other pools having 640-acre spacing; the E/2 of said section for pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 34. 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 6½ miles north of Regina, New Mexico.

CASE 9548: 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 a gas pool for Morrow production and designated as the North Baum-Morrow Gas Pool. The discovery well is the Yares Petroleum Corporation Lazy Tree State Unit Well No. 1 located in Unit A of Section 12, Township 13 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Hat Mesa-Bone Spring Pool. The discovery well is the MorOilCo Inc. Gavilon Federal Well No. 1 located in Unit L of Section 33, Township 20 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 33: SW/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 5: Lot 13 and SW/4
Section 6: Lots 9, 10, 15 and 16

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

- (e) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 13: S/2

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: NW/4
Section 17: NE/4
Section 18: W/2

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 26: N/2

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 8: SW/4
Section 17: NW/4
Section 32: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 33: SW/4

- (i) EXTEND the Monument-Tubb Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 8: SE/4
Section 9: SW/4
- (j) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: NE/4
- (k) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 4 SOUTH, RANGE 32 EAST, NMPM
Section 17: SE/4
Section 20: E/2
- (l) EXTEND the Todd Lower-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM
Section 29: NE/4
- (m) EXTEND the Tule-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 23: S/2
Section 27: SW/4
Section 34: N/2

CASE 9549: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Palmillo-Cisco Gas Pool. The discovery well is the Yates Petroleum Corp. Dixon Yates LM Federal Well No. 1 located in Unit G of Section 28, Township 18 South, Range 29 East, NMPM. Said pool would comprise:
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2
- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Turkey Track-Bone Spring Pool. The discovery well is the Morolico Inc. Halcon State Well No. 1 located in Unit G of Section 26, Township 19 South, Range 29 East, NMPM. Said pool would comprise:
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 26: NE/4
- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Walters Lake-Bone Spring Pool. The discovery well is the Enron Oil & Gas Co. Nelson Federal Well No. 8 located in Unit C of Section 3, Township 18 South, Range 30 East, NMPM. Said pool would comprise:
TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 3: NW/4
- (d) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Wolf Lake-San Andres Pool. The discovery well is the Cibola Energy Corp. Duncan Federal Well No. 2 located in Unit M of Section 7, Township 9 South, Range 28 East, NMPM. Said pool would comprise:
TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 7: SW/4
- (e) CONTRACT the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, by the deletion of the following described area:
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: SW/4

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CASE 9488: (Continued from November 22, 1988, Examiner Hearing.)

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Application of BHP Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation or to a depth of 8100 feet, whichever is deeper, underlying Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito Mancos-Oil Pool or other pools having 640-acre spacing; the E/2 of said Section for pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 28. 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 1/4 miles north of Regina, New Mexico.

CASE 9501: (Continued from November 22, 1988, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying all of Section 28, Township 24 North, Range 1 West, forming a 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool or other pools having 640-acre spacing; the E/2 of said section for the Basin-Dakota Pool or any other pools having 320-acre spacing, or the SW/4 NE/4 of said section for pools and/or formations having 40-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location in said Section 28. 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 1/4 miles north of Regina, New Mexico.

CASE 9534: (Continued from November 22, 1988, Examiner Hearing.)

Application of Standard Oil Production 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 Strawn formation underlying the NW/4 NE/4 (Unit B) of Section 8, Township 17 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing and proration units (which includes but is not necessarily limited to the Undesignated West Garrett-Devonian and Undesignated Knowles-Abo Pools). Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles north-northeast of Knowles, New Mexico.

CASE 9548: (Continued from November 22, 1988, Examiner Hearing.) (Readvertised)

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 a gas pool for Morrow production and designated as the North Baum-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Lasy Tree State Unit Well No. 1 located in Unit A of Section 12, Township 13 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Hat Mesa-Bone Spring Pool. The discovery well is the MorOilCo Inc. Gavilon Federal Well No. 1 located in Unit L of Section 33, Township 20 South, Range 33 East, NMPM. Said pool would comprise.

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 33: SW/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 5: Lot 13 and SW/4
Section 6: Lots 9, 10, 15 and 16

- (d) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW/4
Section 27: NW/4
- (e) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 13: S/2
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: NW/4
Section 17: NE/4
Section 18: W/2
- (f) EXTEND the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 26: N/2
- (g) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 8: SW/4
Section 17: NW/4
Section 32: NW/4
- (h) EXTEND the North Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 33: SW/4
- (i) EXTEND the Monument-Tubb Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 8: SE/4
Section 9: SW/4
- (j) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: NE/4
- (k) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 17: SE/4
Section 20: E/2
- (l) EXTEND the Todd Lower-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM
Section 29: NE/4
- (m) EXTEND the Tule-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 23: S/2
Section 27: SW/4
Section 34: N/2

CASE 9549: (Continued from November 22, 1988, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Palmillo-Cisco Gas Pool. The discovery well is the Yates Petroleum Corp. Dixon Yates LM Federal Well No. 1 located in Unit G of Section 28, Township 18 South, Range 19 East, NMPM. Said pool would comprise: