

Dockets Nos. 32-88 and 33-88 are tentatively set for October 26 and November 9, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 12, 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 November, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.

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

CASE 9495: Application of Robert L. Bayless for 9 non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing 9 non-standard gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing, which includes but is not necessarily limited to the East Blanco-Pictured Cliffs Pools, Cabresto-Gallup Pool, and Campo-Gallup Pool, in Sections 6, 7, 18, 19, 30, and 31, Township 30 North, Range 3 West, and Sections 6 and 7, Township 29 North, Range 3 West. Said area of interest extends along the boundary of the Jicarillo Apache Indian Reservation and the Carson National Forest, north for six miles and south for two miles off of State Highway No. 17.

CASE 9496: Application of BCO, Inc. for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 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, Undesignated Lybrook-Gallup Oil Pool (Finding Paragraph No. 6 of Division Order No. R-2267-B). Said well is located in Lybrook, New Mexico.

CASE 9480: (Continued from September 28, 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 9497: Application of Corinne B. Grace for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bell Canyon and Upper Cherry Canyon formations of the East Ross Draw-Delaware Pool in the perforated interval from approximately 3886 feet to 4990 feet in its Zac Federal Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 25, Township 26 South, Range 30 East. Said well is located approximately 1/2 mile north-northwest of Monument No. 45 on the Texas/New Mexico stateline.

CASE 9498: Application of Meridian Oil, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SW/4 of Section 23, Township 32 North, Range 6 West, forming a standard 160-acre gas spacing and proration unit in the Fruitland formation. The applicant proposes to drill its San Juan 32-5 Unit Well No. H-100 at a standard surface location 1765 feet from the South line and 1485 feet from the West line (Unit K) of said Section 23. From a true vertical depth of approximately 2285 feet, the applicant proposes to drill horizontally in a southerly direction, for an approximate lateral distance of 1100 feet within said formation. The terminus of the bottomhole location is to be approximately 165 feet from the South line and 1485 feet from the West line of said Section 23. Special Rules should be promulgated including the designation of a prescribed area within the unit limiting the horizontal extent of the wellbore. Said unit is located approximately 2.5 miles south of a point common to Rio Arriba and San Juan Counties, New Mexico and the State of Colorado.

CASE 9499: Application of Meridian Oil, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in Lots 11, 12, 13, and 14 of Irregular Section 11, Township 30 North, Range 10 West, forming a standard 154.74-acre gas spacing and proration unit in the Undesignated North Aztec-Fruitland Pool. The applicant proposes to drill its Sunray "H" Well No. 201 at an unorthodox surface location 660 feet from the South line and 270 feet from the West line (Unit M) of said Section 11. From a true vertical depth of approximately 2725 feet, the applicant proposes to drill horizontally in a northeasterly direction, for an approximate

lateral distance of 1328 feet within said formation. The terminus of the bottomhole location is to be approximately 1850 feet from the South and West lines of said Section 11. Special Rules should be promulgated including the designation of a prescribed area within the unit limiting the horizontal extent of the wellbore. Said location is approximately 8 miles east of Aztec, New Mexico.

CASE 9483: (Continued from September 14, 1988, Examiner Hearing.)

Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its South Mattix Unit Well No. 15 located 660 feet from the North and East lines (Unit A) of Section 22, Township 24 South, Range 37 East, Fowler-Upper Silurian Gas Pool, the E/2 of said Section 22, forming a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to its South Mattix Unit Well No. 5 located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. The subject proration unit is located approximately 1.5 miles north of the old El Paso Natural Gas Company Jal Plant No. 2.

CASE 9500: 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. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9501: 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 9458: (Continued from September 14, 1988, Examiner Hearing.)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bell Canyon, Cherry Canyon, and Brushy Canyon formations (Delaware Mountain Group) underlying the NW/4 SW/4 (Unit L) of Section 27, Township 26 South, Range 29 East, forming a standard statewide 40-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. Said unit is located approximately 3/4 mile north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 9492: (Continued from September 28, 1988, Examiner Hearing.)

Application of Mobil Exploration and Producing U.S.A. as agent for 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 in the Mancos formation underlying all of Section 34, Township 24 North, Range 1 West, to form a standard 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool and also pooling all interests in the Dakota formation underlying the S/2 of said section to form a standard 320-acre spacing and proration unit for the Basin-Dakota Pool. 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 5½ miles north of Regina, New Mexico.

CASE 9493: (Continued from September 28, 1988, Examiner Hearing.)

Application of Nassau Resources 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 a depth of 7900 feet in the West Puerto Chiquito-Mancos Oil Pool underlying Section 34, Township 24 North, Range 1 West, forming a standard 640-acre spacing and proration unit. Said unit is to be dedicated to applicant's Cutting Edge Well No. 34-10 located 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 unit is located approximately 5½ miles north of Regina, New Mexico.

MERIDIAN OIL

November 15, 1988

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: Mr. David R. Catanach, Examiner

Re: Case No. 9498 FILE
Order No. R-8775
San Juan 32-5 Unit #100

Mr. Catanach,

Enclosed are the results of a directional survey conducted November 14, 1988, on the subject well. Directional survey points were observed from the kick off point to the base of the 9 5/8" surface casing. This survey was conducted to meet the requirements of Order No. R-8775 prior to initiating directional drilling operations.

Sincerely,



J. D. Falconi
Project Drilling Engineer

JDF/adw

xc: Aztec OCD

DEVIATION REPORT

El Paso Natural Gas Co., Post Office Box 4289, Farmington, New Mexico 87499

Lease: San Juan 30-6 Unit #100
SW Sec. 23, T-32-N, R-6-W, Rio Arriba County, New Mexico

Pool: Basin Fruitland Coal

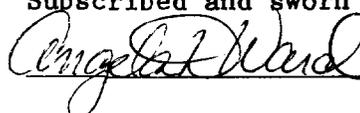
Directional survey conducted November 14, 1988

<u>Survey Depth (Ft.)</u>	<u>Inclination</u>	<u>Hole Direction (True North)</u>	<u>True Vertical Depth (Ft.)</u>
748	1.00	328	748.0
811	0.75	360	811.0
873	1.00	350	872.9
936	1.00	356	935.9
998	1.00	33	997.9
1061	1.00	13	1060.9
1123	0.75	2	1122.9
1186	1.00	9	1185.9
1248	1.00	28	1247.9
1311	1.25	28	1310.9
1373	1.25	13	1372.9
1436	1.25	27	1435.9
1498	1.25	10	1497.8
1561	1.50	5	1560.8
1623	1.25	350	1622.8
1686	1.25	342	1685.8
1748	1.50	331	1747.8
1811	1.50	347	1810.7
1873	1.50	331	1872.7
1936	1.75	331	1935.7
1998	1.50	323	1997.7
2061	1.50	321	2060.7
2123	1.50	321	2122.6
2186	1.50	320	2185.6
2248	1.50	320	2247.6
2310	1.25	350	2309.6
2373	1.75	346	2372.6

I, the undersigned, certify that I, acting in my capacity as Petroleum Engineer on behalf of El Paso Natural Gas Company, am authorized by said Company to make this report; and that this report was prepared by me or under my supervision and directions and that the facts stated herein are true to the best of my knowledge and belief.



Subscribed and sworn to before me this 15th day of November, 1988.

 Notary Public is and for San Juan County, New Mexico
My commission expires September 21, 1992.

MERIDIAN OIL

November 22, 1988

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: Mr. David R. Catanach, Examiner

Re: (Case No. 9498
Order No. R-8775
San Juan 32-5 Unit #100

Mr. Catanach,

Enclosed are the results of a directional survey conducted November 16 through November 22, 1988, on the subject well. Directional survey points were observed from the kick off point to total depth. This survey was conducted to meet the requirements of Order No. R-8775 for directional drilling operations.

Sincerely,


J. D. Falconi
Project Drilling Engineer

JDF/adw

xc: Aztec OCD

DEVIATION REPORT

El Paso Natural Gas Co., Post Office Box 4289, Farmington, New Mexico 87499

Lease: San Juan 30-6 Unit #100
SW Sec. 23, T-32-N, R-6-W, Rio Arriba County, New Mexico

Pool: Basin Fruitland Coal

Directional survey conducted November 16 through November 22, 1988

<u>Survey Depth (Ft.)</u>	<u>Inclination</u>	<u>Hole Direction (True North)</u>	<u>True Vertical Depth (Ft.)</u>
2373.0	1.75	346.0	2372.6
2408.0	0.80	200.0	2407.6
2439.0	4.30	200.3	2438.6
2471.0	8.70	155.0	2470.4
2502.0	13.10	153.5	2500.8
2535.0	17.30	150.0	2532.6
2564.0	21.30	146.3	2560.0
2595.0	25.50	144.8	2588.4
2625.0	28.50	145.1	2615.2
2656.0	32.20	147.4	2641.9
2687.0	35.90	150.1	2667.6
2715.0	39.50	153.7	2689.8
2747.0	42.30	158.3	2713.9
2779.0	44.40	163.2	2737.2
2811.0	46.70	168.2	2759.6
2842.0	48.81	173.4	2780.5
2877.0	51.90	175.6	2802.8
2909.0	55.80	175.6	2821.7
2942.0	59.30	174.4	2839.4
2973.0	60.60	174.8	2854.9
3004.0	60.10	175.2	2870.3
3035.0	59.50	175.8	2885.8
3062.0	58.80	177.7	2899.7
3090.0	60.40	178.9	2913.9
3123.0	63.30	180.0	2929.4
3155.0	67.70	180.9	2942.7
3187.0	70.90	182.9	2954.0
3219.0	74.50	184.9	2963.5
3251.0	78.00	186.0	2971.1
3283.0	81.70	186.9	2976.8
3314.0	85.10	188.0	2980.3
3346.0	89.00	189.4	2982.0
3377.0	93.00	190.0	2981.4
3408.0	96.80	190.7	2978.8

<u>Survey</u> <u>Depth (Ft.)</u>	<u>Inclination</u>	<u>Hole</u> <u>Direction</u> <u>(True North)</u>	<u>True</u> <u>Vertical</u> <u>Depth (Ft.)</u>
3441.0	96.10	189.7	2975.1
3472.0	94.20	192.2	2972.3
3502.0	93.70	191.9	2970.2

Drilling operations stopped due to excessive hole inclination. Pulled drill string up hole to 3346.0' measured depth. Reoriented tool and sidetracked hole. Continued drilling and survey operations to total depth as reported below.

3346.0	89.00	189.4	2983.0
3354.0	88.90	189.0	2983.1
3377.0	88.70	188.4	2983.6
3409.0	88.40	188.4	2984.4
3441.0	88.00	188.1	2985.4
3472.0	87.50	188.8	2986.7
3502.0	87.00	188.4	2988.1
3536.0	86.80	189.1	2989.9
3595.0	89.00	186.7	2992.1
3627.0	88.70	186.9	2992.7
3657.0	88.70	186.8	2993.4
3689.0	88.70	187.1	2994.1
3721.0	88.90	187.3	2994.8
3753.0	89.50	187.4	2995.3
3783.0	90.20	188.1	2995.3
3844.0	90.70	188.6	2994.9
3908.0	90.70	188.1	2994.1
3971.0	90.80	188.1	2993.3
4062.0	91.00	188.1	2991.8
4154.0	90.30	187.7	2990.8
4250.0	89.20	187.7	2991.2
4312.0	89.40	188.6	2992.0
4324.0	89.50	188.2	2992.1
4367.0	89.50	189.7	2992.5

Bottom hole location final closure direction: 182.759°
 Bottom hole location final closure distance: 1601.4'

I, the undersigned, certify that I, acting in my capacity as Petroleum Engineer on behalf of El Paso Natural Gas Company, am authorized by said Company to make this report; and that this report was prepared by me or under my supervision and directions and that the facts stated herein are true to the best of my knowledge and belief.

J. D. Zulcomi

Subscribed and sworn to before me this 22nd day of November, 1988.

Angela Clark

Notary Public is and for San Juan County, New Mexico
 My commission expires September 21, 1992.

MERIDIAN OIL

January 3, 1989

*CASE FILE - 9498
JDF*

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: Mr. David R. Catanach, Examiner

Re: Case No. 9498
Order No. R-8775
San Juan 32-5 Unit #100

Mr. Catanach,

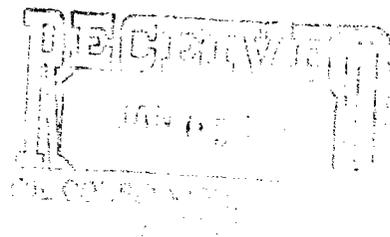
Enclosed are the results of a directional survey conducted December 9 through December 14, 1988, on the subject well. Directional survey points were observed from the base of the 7" casing set at 3234' to total depth. This survey was conducted to meet the requirements of Order No. R-8775 for directional drilling operations.

Sincerely,

J. D. Falconi
J. D. Falconi
Project Drilling Engineer

JDF/adw

xc: Aztec OCD



DEVIATION REPORT

El Paso Natural Gas Co., Post Office Box 4289, Farmington, New Mexico 87499

Lease: San Juan 32-5 Unit #100
SW Sec. 23, T-32-N, R-6-W, Rio Arriba County, New Mexico

Pool: Basin Fruitland Coal

Directional survey conducted December 9 through December 14, 1988

The original wellbore which was drilled in November, 1988 collapsed and was re-drilled below 7" casing. The results of the directional survey are as follows:

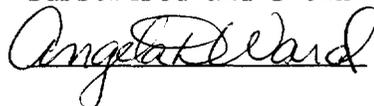
<u>Survey Depth (Ft.)</u>	<u>Inclination</u>	<u>Hole Direction (True North)</u>	<u>True Vertical Depth (Ft.)</u>
Tie in to original survey.			
3231.0	75.81	185.3	2966.4
3251.0	76.96	185.1	2971.1
3283.0	77.44	185.0	2978.2
3314.0	77.45	186.2	2984.9
3368.0	81.00	186.6	2995.0
3378.0	83.33	186.1	2996.4
3397.0	86.66	183.6	2998.0
3427.0	91.20	182.8	2998.6
3459.0	91.60	183.1	2997.8
3490.0	92.00	182.5	2996.8
3520.0	92.07	183.0	2995.8
3551.0	92.44	182.7	2994.5
3582.0	92.66	183.4	2993.2
3613.0	92.92	183.6	2991.6
3644.0	93.13	183.0	2990.0
3675.0	93.30	182.9	2988.3
3706.0	92.43	182.9	2986.7
3737.0	92.41	182.9	2985.4
3767.0	92.87	183.0	2984.0
3799.0	92.12	183.1	2982.6
3830.0	90.80	183.2	2981.8
3861.0	90.72	183.5	2981.4
3892.0	91.23	183.0	2980.9
3923.0	90.44	183.3	2980.5
3955.0	89.68	183.3	2980.4
3987.0	88.43	183.7	2980.9
4079.0	88.40	184.4	2983.5
4173.0	88.40	185.4	2986.1
4267.0	88.81	185.1	2988.4
4323.0	88.95	185.5	2989.5
4363.0	89.00	185.3	2990.2

Bottom hole location final closure direction: 180.02°
Bottom hole location final closure distance: 1599.6'

I, the undersigned, certify that I, acting in my capacity as Petroleum Engineer on behalf of El Paso Natural Gas Company, am authorized by said Company to make this report; and that this report was prepared by me or under my supervision and directions and that the facts stated herein are true to the best of my knowledge and belief.



Subscribed and sworn to before me this 3rd day of January, 1989.

 Notary Public in and for San Juan County, New Mexico
My commission expires September 21, 1992.

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 28, 1988

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9498
ORDER NO. R-8775

Applicant:
Meridian Oil, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other _____
