

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 19, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 32-95 and 33-95 are tentatively set for November 2, 1995 and November 16, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11394: (Readvertised)

Application of Harvey E. Yates Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Bennett Ranch Federal Unit Area containing 8856.90 acres, more or less, of Federal and State lands comprising all or portions of Sections 1-3, 10-15, 22-27, 35 and 36, Township 26 South, Range 12 East, and all or portions of Sections 18, 19, 30, and 31, Township 26 South, Range 13 East. Said unit area is located approximately 32 miles east-northeast of the intersection of U.S. Highway 54 with the Texas-New Mexico state line.

CASE 11383: (Readvertised)

Application of Santa Fe Energy Resources, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a Unit Agreement for its proposed "Kemosabe Unit Area" containing 795.09 acres, more or less, of State lands comprising the NE/4 and S/2 of Section 13, Township 18 South, Range 34 East and the W/2 equivalent of Section 18, Township 18 South, Range 35 East. Said unit area is located approximately 4 miles south of Buckeye, New Mexico.

CASE 11402: Application of Pogo Production Company for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill the following wells in Section 28, Township 24 South, Range 29 East: The Cedar Canyon 28 Fed. Well No. 1 at an unorthodox oil well location 230 feet from the North line and 2510 feet from the West line (Unit C) of Section 28, with the NE/4 NW/4 of Section 28 dedicated to the well, forming a standard 40-acre oil spacing and proration unit for said pool; and the Cedar Canyon 28 Fed. Well No. 2 at an unorthodox oil well location 2410 feet from the North line and 2310 feet from the East line (Unit C) of Section 28, with the SW/4 NE/4 of Section 28 dedicated to the well, forming a standard 40-acre oil spacing and proration unit for said pool. Each well will test the Bone Spring formation (First Bone Spring) and the Delaware formation (Undesignated Cedar Canyon-Delaware Pool). Said units are located approximately 4 miles southeast of Malaga, New Mexico.

CASE 11403: Application of Pogo Producing Company for a pilot waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project on its Neff Federal Lease comprising all of Section 25, Township 22 South, Range 31 East, by the injection of water into the Delaware formation of the Livingston Ridge-Delaware Pool through perforations from approximately 4554 feet to 5885 feet in its existing Neff Federal Well No. 3 located 430 feet from the North line and 760 feet from the West line (Unit D) of Section 25. Said well is located approximately 9 miles north of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11404: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Shaw "15" Well No. 2 at an unorthodox oil well location 2100 feet from the North line and 2310 feet from the East line (Unit G) of Section 15, Township 17 South, Range 37 East, to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2 NE/4 of said Section 15 to test the Strawn formation, Humble City-Strawn Pool. Said well is located approximately 3 miles north-northwest of Humble City, New Mexico.

CASE 11405: Application of Meridian Oil Inc. form downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Gas Pool production (160-acre standard dedication comprising the NW/4) with gas production from the Basin-Fruitland Coal Gas Pool (320-acre standard dedication comprising the W/2) within the wellbore of its existing Sanchez A Com Well No. 2 located 1600 feet from the North line and 990 feet from the West line (Unit E) of Section 16, Township 28 North, Range 9 West. Said well is located approximately 4 1/2 miles southeast of Blanco, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 11406: 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 Mesaverde formation, underlying the E/2 of Section 22, Township 25 North, Range 3 West, forming a standard 320-acre gas spacing and proration unit to be dedicated to Meridian Oil Inc's. Arco Hill Well No. 1 which is an existing West Lindrith Gallup-Dakota Pool well located in Unit G of Section 22 and is to be recompleted in the Mesaverde formation of the Blanco-Mesaverde Pool. Also to be considered will be the costs of participation in said well, including but not limited to the value of the existing wellbore, the costs of recompletion, and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for the risk involved in recompleting said well and the designation for applicant as the operator of the well. Said well is located approximately 5 miles west of Gavilan, New Mexico.

CASE 11389: (Readvertised)

Application of Nearburg Exploration Company for compulsory pooling, directional drilling, a non-standard oil proration unit, and possibly an unorthodox bottomhole oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to re-enter its plugged and abandoned Stillings "7D" Federal Well No. 1, located 660 feet from the North line and 773 feet from the West line (Lot 1/Unit D) of Section 7, Township 17 South, Range 38 East, and recomple said well in either the Undesignated South Humble City-Strawn or Undesignated Shipp-Strawn Pool by directionally drilling in such a manner as to bottom said well in the Strawn formation within a "producing area" best described as a window that is 330 feet from the north, east, and south boundaries and 1103 feet from the western boundary of the proposed non-standard 77.78-acre oil spacing and proration unit comprising Lot 1 and the NE/4 NW/4 (N/2 NW/4 equivalent) of said Section 7 to be dedicated to said well. The applicant further seeks an order pooling all mineral interests within the Strawn formation underlying the above-described non-standard 77.78-acre oil spacing and proration unit. Also to be considered will be the value of the existing wellbore, the cost of re-entering, directional drilling, and recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and unit and a charge for risk involved in re-entering and recompleting said well. Said unit is located approximately 4.25 miles north-northeast of Humble City, New Mexico.

CASE 11407: Application of Zia Energy, Inc. for compulsory pooling and an unorthodox gas 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 San Andres formation, underlying the following described acreage in Section 22, Township 21 South, Range 37 East and in the following manner: the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Penrose Skelly-Grayburg Pool; and, the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Hare-San Andres Gas Pool. Both units are to be dedicated to its existing Eubank Well No. 5, located 330 feet from the North line and 2310 feet from the East line (Unit B) of said Section 22, which location is "standard" for the proposed 40-acre unit but is considered to be an unorthodox gas well location for the proposed 160-acre unit. Also to be considered will be the costs of plugging-back and re-completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in plugging-back and re-completing said well. Said well is located approximately 2 miles south-southeast of Oil Center, New Mexico.

CASE 10917: Reopened

Application of Conoco, Inc. to reopen Case No. 10917 and to amend Division Order No. R-10071, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 10917 and to amend Division Order No. R-10071, issued in Case 10917 and dated August 30, 1993, in order to obtain approval to re-enter its existing F.C. Federal Coal Well No. 8, located at a standard coal gas well location 1870 feet from the South line and 1525 feet from the West line (Unit K) of Section 18, Township 32 North, Range 11 West, instead of drilling a new well for its high angle/horizontal directional drilling pilot project into the Basin-Fruitland Coal Gas Pool within an area comprising the W/2 equivalent of said Section 18. All other provisions of said Order No. R-10071 are to remain in full force and effect. Said project area is located approximately 8 miles northwest of Cedar Hill, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 11395: (Continued from October 5, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval of a unit agreement for its proposed Ed Powell Unit Area" containing 5,207.08 acres, more or less, of Federal and State lands comprising all or portions of Sections 7, 8, 17, 18-21, and 28-33, Township 26 South, Range 38 East. Said unit area is centered approximately 8 miles southeast of Jal, New Mexico.

CASE 11408: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 33 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11332: (Continued from October 5, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11409: Application of Maralo, Inc. for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the N/2 NE/4 of Section 20, Township 13 South, Range 38 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre spacing units and special well location requirements. Said area is located approximately 6 miles southeast of Gladiola, New Mexico.

CASE 11335: (Continued from October 5, 1995, Examiner Hearing.)

Application of Naumann Oil & Gas, 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 E/2 of Section 34, Township 18 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to the Empire "34" Federal Well No. 1 which is an existing well located at a standard gas well location 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 34 and which is to be re-entered and deepened in an attempt to complete in the Morrow formation. Also to be considered will be the costs of re-entering, deepening and completing said well and the allocation of those costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in re-entering, deepening and completing said well. Said unit is located approximately 9 miles southwest of Loco Hills, New Mexico.

CASE 11410: Application of Medallion Production Company for compulsory pooling, Chaves 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, Undesignated Buffalo Valley-Pennsylvanian Gas Pool, underlying the S/2 of Section 20, Township 15 South, Range 28 East. Applicant proposes to dedicate this pooled unit to its U.S.A. "20" Well No. 1 to be drilled at a location 990 feet from the South line and 1100 feet from the East line (Unit P) of said Section 20 to test any and all formations to the base of the Morrow formation. 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 9 miles southeast of Hagerman, New Mexico.

CASE 11411: Application of Medallion Production Company 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, Undesignated Cemetery-Morrow Gas Pool, underlying the S/2 of Section 9, Township 20 South, Range 25 East. Said unit is to be dedicated to a well to be drilled at an orthodox location in Section 9. 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 miles southwest of Seven Rivers, New Mexico.

CASE 11321: (Reopened and Continued from September 21, 1995, Examiner Hearing.)

Application of D & J 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 in the Southwest Gladiola-Devonian Pool to be drilled 642 feet from the South line and 2434 feet from the East line (Unit O) of Section 27, Township 12 South, Range 37 East. The W/2 SE/4 of said Section 27 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 7.5 miles east by south of Tatum, New Mexico.

CASE 11412: Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Houck Com Well No. 1, located 1580 feet from the South line and 890 feet from the East line (Unit I) of Section 1, Township 29 North, Range 10 West. Said well is located approximately 3 1/2 miles west of Turley, New Mexico.

CASE 11413: Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Blanco Com Well No. 1A, located 1120 feet from the South line and 950 feet from the East line (Unit P) of irregular Section 2, Township 30 North, Range 11 West. Said well is located approximately 1 1/2 miles northeast of Aztec, New Mexico.

CASE 11328: (Continued from October 5, 1995, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Media-Entrada Oil Pool within its proposed Media Entrada Secondary (Federal) Unit comprising portions of Sections 14, 15, 22, and 23, Township 19 North, Range 3 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said Unit Area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 14 miles southwest of Cuba, New Mexico.

CASE 11414: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order abolishing and extending certain existing pools in Lea County, New Mexico.

- (a) ABOLISH the South Red Tank-Delaware Pool in Lea County, New Mexico, consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 25: SW/4

Section 36: NW/4

- (b) EXTEND the West Red Tank-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 25: SW/4

Section 36: NW/4