

Dockets Nos. 3-87 and 4-87 are tentatively set for January 21 and February 4, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 7, 1987

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

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

CASE 9051: (Continued from December 17, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Petro-Thermo Corporation to appear and show cause why its Form C-133, Authorization to Haul Water, should not be cancelled for non-compliance with Oil Conservation Division regulations.

CASE 9027: (Readvertised)

Application of P-R-O Management, Inc. for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following three 160-acre non-standard gas spacing and proration units in the Basin-Dakota Pool:

- 1) the NW/4 of Section 19, Township 27 North, Range 11 West, to be dedicated to its Federal Well No. 1E located at a previously approved non-standard gas well location (Administrative Order NSL-1156) 1120 feet from the North line and 2300 feet from the West line (Unit C) of said Section 19;
- 2) the SE/4 of Section 5, Township 30 North, Range 13 West, to be dedicated to its Knight Well No. 1E located 1820 feet from the South line and 690 feet from the East line (Unit I) of said Section 5; and,
- 3) the SE/4 of Section 21, Township 31 North, Range 13 West, to be dedicated to its Johnson Well No. 1E located 1120 feet from the South and East lines (Unit P) of said Section 21.

Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 9057: Application of New Mexico Petroleum Company to transfer ownership of its oil treating plant approved by Division Order No. R-3960, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland E. Caudill to Jess Keeth pursuant to Division General Rule 312 for their oil treating plant located in the SE/4 of Section 25, Township 11 South, Range 33 East (authorized by Division Order No. R-3960).

CASE 9058: Application of Yates Petroleum 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 Atoka formation underlying either the NW/4 NE/4 of Section 14, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit within said vertical limits or the N/2 NE/4 of said Section 14 to form an 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 80-acre spacing, both aforementioned units to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 9043: (Continued from December 3, 1986, Examiner Hearing)

Application of Apollo Oil Company for N.G.P.A. Wellhead Price Ceiling Category Determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that its State "E" Tract 17 Well No. 5 located 990 feet from the South line and 660 feet from the East line (Unit P) of Section 1, Township 17 South, Range 36 East, Lovington-Queen Pool, is producing natural gas from a new onshore reservoir and should therefore be designated as such under Section 102 of the Natural Gas Policy Act of 1978 and Division Order No. R-5878-B, as amended.

CASE 9059: Application of Harvey E. Yates Company for exception to Division Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas into seven unlined pits all located in Township 18 South, Range 31 East, as follows:

Section 1: NE/4 SW/4
Section 2: NW/4 SE/4
Section 3: NW/4 NW/4
Section 4: NW/4 SE/4
Section 11: NW/4 NE/4
Section 12: SE/4 NW/4
Section 13: SE/4 SE/4

CASE 9053: (Continued from December 17, 1986, Examiner Hearing)

Application of Mewbourne Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen and Penrose formations in the perforated interval from approximately 3875 feet to 3906 feet and 4128 feet to 4152 feet, respectively, in its Federal "E" Well No. 9 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 28, Township 18 South, Range 32 East, Querecho Plains-Queen Associated Pool.

CASE 9060: Application of ARCO Oil and Gas 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 Atoka formation underlying the W/2 of Section 23, Township 17 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 9061: Application of ARCO Oil and Gas Company for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Chacon Federal Well No. 102 to be drilled 900 feet from the North line and 990 feet from the East line of Section 19, Township 24 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, and the simultaneous dedication of the previously approved non-standard oil proration unit consisting of the NE/4 and Lots 1 and 2 of said Section 19 comprising 191.55 acres, more or less, to this well and to the existing Chacon Federal Well No. 101 located 700 feet from the North line and 800 feet from the East line of said Section 19.

CASE 9048: (Continued from December 17, 1986, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 20, Township 25 North, Range 1 West, to form a standard 640-acre spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8849: (Continued from December 17, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Spring Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

CASE 9056: (Continued from December 17, 1986, Examiner Hearing)

Application of Citation Oil & Gas Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the open-hole interval from approximately 2636 feet to 2725 feet in its State Well No. 1-Y located 380 feet from the North and West lines (Unit D) of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool.

CASE 9062: 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 County, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Triple X-Bone Spring Pool. The discovery well is the Texaco Producing Inc. HNG 4F State Well No. 1 located in Unit F of Section 4, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 4: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the North Tulk-Abo Pool. The discovery well is the Coastal Oil & Gas Corporation State 22 Well No. 2 located in Unit O of Section 22, Township 14 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
Section 22: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: NE/4

- (d) EXTEND the Lower Double A-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 21: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 17: SE/4
Section 20: NE/4
Section 21: W/2
Section 28: N/2

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 6: SW/4
Section 7: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 11: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 4: SE/4

- (i) EXTEND the Wilson Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 6: SE/4

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 8, 1987

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9015: (Continued from November 20, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of new Rules 315, 413, and 903 to establish a gas priority production schedule. The Division seeks adoption of a hierarchy of classes of gas production in times of severely restricted demand for gas from New Mexico wells. Also to be considered will be the application of such rules to purchasers with marketing affiliates.

CASE 9018: (Continued from November 20, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-8170. The Division seeks the amendment of Rule 10(a), 11(a), and 11(b) of the General Rules for the Prorated Gas Pools of New Mexico to provide for two-year balancing periods and for a twelve times overproduced limit for the prorated gas pools of northwest New Mexico. Further to be considered is creation of a Gas Bank wherein gas allowables may be deposited for later use.

CASE 9063: Application of Merrion Oil & Gas Corporation for enforcement of Common Purchaser Requirements of Section 70-2-19 NMSA 1978 (1984 Supplement) and other pertinent provisions of the Oil and Gas Act, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order requiring El Paso Natural Gas Company to purchase applicant's casinghead gas production, without discrimination as to price paid, quantity purchased, bases of measurement, or gas transportation facilities afforded, as compared to casinghead gas from other wells of like quantity, quality, and pressure, from the common source of supply known as the Gavilan-Mancos Oil Pool, from the following identified wells:

1. Oso Canyon Gas Com C Well No. 1 located 1650 feet from the North and West lines of Section 13, Township 24 North, Range 2 West;
2. Krystina Well No. 1 located 1820 feet from the South line and 1650 feet from the West line of Section 14, Township 24 North, Range 2 West.

Applicant further seeks an order requiring El Paso Natural Gas Company to take ratably the casinghead gas produced from the aforementioned wells and any such other relief as may be appropriate.