

Dockets Nos. 7-91 and 8-91 are tentatively set for March 7, 1991 and March 21, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 21, 1991

**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 Jim Morrow or Michael E. Stogner, Alternate Examiners:

CASE 9582: (Reopened)

In the matter of Case 9582 being reopened pursuant to the provisions of Division Order No. R-8872, which order promulgated special rules and regulations for the Hat Mesa-Bone Spring Pool in Lea County, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements. Operators in said pool may appear and show cause why the temporary rules for the Hat Mesa-Bone Spring Pool should not be rescinded.

CASE 10241: Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool to be drilled 560 feet from the South and East lines (Unit P) of Section 9, Township 20 South, Range 24 East, the E/2 of said Section 9 to be dedicated to said well forming a standard oil or gas spacing and proration unit. Said unit is located approximately 10 miles west of Seven Rivers, New Mexico.

CASE 10242: Application of Yates Energy Corporation 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 Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 1, Township 18 South, Range 31 East, forming a 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Shugart Pool, Undesignated Maljamar Pool, Undesignated Tamano-San Andres Pool, and Undesignated North Shugart-San Andres Pool. 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 unit is located approximately 7 miles southwest by south of Maljamar, New Mexico.

CASE 10243: Application of Yates Energy Corporation 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 Delaware formation underlying the NE/4 SW/4 (Unit K) of Section 1, Township 18 South, Range 31 East, forming a 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Shugart Pool and North Shugart-San Andres Pool. 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 unit is located approximately 7 miles southwest by south of Maljamar, New Mexico.

CASE 10244: Application of Mewbourne Oil 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 underlying the following described acreage in Section 14, Township 17 South, Range 26 East and in the following manner: the N/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Kennedy Farms-Upper Pennsylvanian Gas Pool, Undesignated Kennedy Farms-Atoka Gas Pool, Undesignated Riverside-Atoka Gas Pool, and Undesignated Kennedy Farms-Morrow Gas Pool; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre gas spacing; and the SW/4 NW/4 of Section 14 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre oil spacing. Said units are to be dedicated to its Haldeman Well No. 1 to be drilled at a previously approved unorthodox Morrow gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 14 (Division Order No. R-9417). 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 2.5 miles east of Artesia, New Mexico.

CASE 10141: (Readvertised)

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the perforated interval from approximately 3691 feet to 4127 feet in its San Isidro 13 Well No. 11 located 1980 feet from the South and West lines (Unit K) of Section 13, Township 20 South, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10245: Application of Conoco Inc. for pool creation, special pool rules, and contraction of the Blinebry Oil and Gas and Warren-Tubb Gas Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil and gas pool for Blinebry and Tubb production comprising all or portions of Sections 22, 26, 27, 33, 34, and 35, Township 20 South, Range 38 East, to be designated the Warren Blinebry-Tubb Oil and Gas Pool, and the promulgation of special pool rules therefor, including a provision to allow for simultaneous dedication of pool acreage to both oil and gas wells, special gas allowable considerations, and any other provisions deemed necessary for such a pool. Applicant also seeks the concomitant contraction of the Blinebry Oil and Gas Pool and the Warren-Tubb Gas Pool and the creation of a new gas pool for Tubb production comprising the SE/4 of Section 23, SW/4 of Section 24, W/2 of Section 25 and the NW/4 of Section 36, Township 20 South, Range 38 East. Said area is located approximately 10 miles south of Hobbs, New Mexico.

- CASE 10246: Application of Conoco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Burger B-20 Well No. 4 to be drilled 2200 feet from the North line and 2450 feet from the West line (Unit F) of Section 20, Township 20 South, Range 38 East, Warren-McKee Pool. The SE/4 NW/4 of said Section 20 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 8.5 miles north of Eunice, New Mexico.
- CASE 10247: Application of Meridian Oil Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1140 feet from the South line and 330 feet from the East line (Unit P) of Section 3, Township 19 South, Range 30 East. The SE/4 SE/4 of said Section 3 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools to the base of the Grayburg formation spaced on 40-acre oil spacing and proration units, which presently includes but is not necessarily limited to the Undesignated Shugart Pool and Undesignated North Benson Queen Grayburg Pool. Said unit is located approximately 9.5 miles south by east of Loco Hills, New Mexico.
- CASE 10248: Application of Pitts Energy Co. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1500 feet from the South line and 1650 feet from the East line (Unit J) of Section 5, Township 12 South, Range 38 East, the NW/4 SE/4 of said Section 5 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing from the surface to the base of the Devonian formation, which presently includes but is not necessarily limited to the Gladiola-Wolfcamp Pool, Undesignated Gladiola-Mississippian Pool, and Gladiola-Devonian Pool. Said unit is located approximately 5 miles northeast of Gladiola, New Mexico.
- CASE 10249: Application of Pacific Enterprises Oil Company (USA) for a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the current Special Rules and Regulations for the McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, and to establish a non-standard 320-acre gas spacing and proration unit comprising the S/2 of Section 18, Township 20 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit M) of said Section 18. Said unit is located approximately 9.5 miles south of the Old Illinois Camp.
- CASE 10250: Application of Pacific Enterprises Oil Company (USA) for the rescission of special pool rules and for two non-standard 640-acre gas proration units or, in the alternative, to amend Division Order No. R-2917, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the Special Rules and Regulations for the spacing and location of wells in the McMillan-Morrow Gas Pool, comprising Sections 13 and 24, Township 20 South, Range 26 East and Sections 7, 18, and 19, Township 20 South, Range 27 East, and seeks to have said pool governed by the provisions of General Rule 104.C.II(a) for gas pools of Pennsylvanian age. Further, the applicant requests the concomitant creation of two non-standard 640-acre gas spacing and proration units for the McMillan-Morrow Gas Pool in Section 13, Township 20 South, Range 26 East, for the existing Yates Drilling Company Pecos River Deep Unit located in Unit H of said Section 13 and in Section 19, Township 20 South, Range 27 East, for the existing Presidio Exploration Inc. State "I" Com Well No. 1 located in Unit F of Section 19, Township 20 South, Range 27 East. IN THE ALTERNATIVE, the applicant seeks to amend the current Rules and Regulations for said McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, to permit the optional drilling of an additional well on each 640-acre proration unit. Said pool is located approximately 5 miles south-southeast of Lakewood, New Mexico.
- CASE 10226: (Continued from February 7, 1991, Examiner Hearing.)
- Application of Bird Creek Resources for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the East Loving-Delaware Pool including a provision for a limiting gas-oil ratio of 5000 cubic feet of gas per barrel of oil. Said pool is located in Township 23 South, Range 28 East, being approximately 2 miles east of Loving, New Mexico.
- CASE 10227: (Continued from February 7, 1991, Examiner Hearing.)
- Application of Nearburg Producing 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 underlying the N/2 of Section 29, Township 18 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing which presently includes, but is not necessarily limited to, the Undesignated Penasco Draw San Andres-Yeso Associated Pool, Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool, and Penasco Draw-Morrow Gas Pool. 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 7 miles west of Dayton, New Mexico.
- CASE 10156: (Continued from February 7, 1991, Examiner Hearing.)
- 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 Ellenburger formation, underlying the S/2 of Section 32, Township 20 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools 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 costs 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 the drilling of said well. Said unit is located approximately 2 miles north-northwest of Oil Center, New Mexico.