

OIL CONSERVATION DIVISION
RECEIVED
W. THOMAS KELLAHIN
KAREN AUBREY
CANDACE HAMANN CALLAHAN
MAY 1 8 57 AM

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW
EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

JASON KELLAHIN
OF COUNSEL

April 26, 1991

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Conoco Inc.
NMOCD Case No. 10245 (Reopened)
Stay of Order R-9467-A

Dear Mr. LeMay

At my request on behalf of Conoco Inc., the Division has stayed Order R-9467 dated March 15, 1991, the referenced nomenclature order for the Blinebry Oil and Gas, the Warren Tubb Gas Pool and the new Warren-Blinebry Oil and Gas Pool.

During this period Conoco has sought a meeting with the Bureau of Land Management to discuss the reclassification of the subject wells affected by this order, the amendment of participating areas and a concurrence on the effective date to be used for these changes. Unfortunately, the BLM will not be able to meet with Conoco to address these issues until after the May 2, 1991 hearing date at which this case is now scheduled to be heard.

Accordingly, we respectfully request that this case be continued to the Examiner's hearing docket now set for May 16, 1991.

Very truly yours,


W. Thomas Kellahin

William J. LeMay
April 26, 1991
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WTK/tic

cc: Jerry Hoover
Conoco Inc.
10 Desta Drive West
Midland, TX 79705

~~(Redacted)~~

In the matter of Case 10245 being reopened pursuant to the provisions of Division Order No. R-9467-A, which order stayed Division Order No. R-9467, dated March 15, 1991, which order in turn created, designated and promulgated Special Rules and Regulations for the Warren-Blinbry Tubb Oil and Gas Pool, located in Township 20 South, Range 38 East, Lea County. Said order was a companion case to the Division's approval of Conoco's request for expansion of its Conoco Southland Blinbry Cooperative Waterflood Project in Division Case No. 10220 (Order No. R-6906-B). Further, Division Order No. R-9467 with an effective date of March 1, 1991 also provided for the following:

1. an expansion and contraction to the horizontal limits of the Blinbry Oil and Gas Pool;
2. a contraction to the horizontal limits of the Warren-Tubb Gas Pool; and
3. the creation and designation of the East Warren-Tubb Gas Pool.

CASE 10234: (Continued from April 18, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, 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 Ordovician formation underlying the following described acreage in Section 29, Township 9 South, Range 26 East, and in the following manner: the N/2 to form 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 Undesignated Foor Ranch-PrePermian Gas Pool and Undesignated East Bitter Lakes-Wolfcamp Gas Pool; 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 South Pecos Slope-Abo Gas Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre oil spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled 1980 feet from the North line and 2310 feet from the East line (Unit G) of said Section 29, which is a standard oil and gas well location for zones spaced on 320 acres and 40 acres but is an unorthodox gas well location for zones spaced on 160 acres. 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 north of Mile Marker No. 167 on U.S. Highway 380.

CASE 10272: (Reopened)

Application of Amoco Production Company for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete its existing Smith Federal Gas Com Well No. 1 located 1613 feet from the North line and 2336 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, by directionally drilling from the existing wellbore in such a manner as to bottom the deviated well in the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox gas well location within a target area described as a rectangle 1800 to 2000 feet from the North line and 330 feet to 430 feet from the West line in Unit E of said Section 12, all of Section 12 to be dedicated to said well forming a standard 640-acre gas spacing and proration unit for said pool. Said unit is located approximately 20 miles west of Carlsbad, New Mexico.

CASE 10297: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 2500 feet from the North line and 330 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East, to test both the Undesignated Carlsbad-Strawn Gas Pool and Undesignated South Carlsbad-Morrow Gas Pool, the W/2 of said Section 15 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools. Said unit is located approximately 3 miles north-northwest of Otis, New Mexico.

CASE 10283: (Continued from April 18, 1991, Examiner Hearing.)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation, in the open hole interval from approximately 10,300 feet to 10,700 feet in the previously plugged and abandoned Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East. Said well is located approximately 5.5 miles west of Lakewood, New Mexico.

CASE 10287: (Continued from April 18, 1991, Examiner Hearing.)

Application of BTA Oil Producers for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Shinnery-Queen Pool, in the open hole and perforated interval from approximately 3,972 feet to 4,285 feet in its existing Cinco de Mayo Federal Well No. 3 located 990 feet from the North and West lines (Unit D) of Section 24, Township 18 South, Range 32 East. Said well is located approximately 8.5 miles south by east of Maljamar, New Mexico.

CASE 10298: Application of Collins & Ware, Inc. for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 660 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 8 South, Range 27 East, to test the Montoya formation, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 9 miles southwest of Elkins, New Mexico.

CASE 10299: Application of Collins & Ware, 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 Morrow formation underlying the N/2 of Section 13, Township 20 South, Range 33 East, 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 Teas-Pennsylvanian Gas Pool and Undesignated Quail Ridge-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North line and 1750 feet from the East line (Unit B) of said Section 13. 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 1 mile south of U.S. Highway 62/180 at milepost No. 75.

CASE 10285: (Continued from April 18, 1991, Examiner Hearing.)

Application of American Hunter Exploration, Ltd. for a high angle/ horizontal/directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 640-acre non-standard oil spacing and proration unit in the East Puerto Chiquito-Mancos Oil Pool comprising all of Section 8, Township 27 North, Range 1 East, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to commence its Jicarilla 8-I Well No. 1 to be located at a standard oil well location 2000 feet from the South line and 500 feet from the East line (Unit I) of said Section 8, drill vertically to a depth of approximately 2300 feet, evaluate the pay zone, plug-back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window described as a rectangle 1250 to 2750 feet from the South line and 500 to 3000 feet from the East line of said Section 8. Also to be considered will be special allowable provisions for a quadruple sized oil proration unit for this pool. Said unit is located approximately 7 miles west by south of El Vado, New Mexico.

CASE 10286: (Continued from April 18, 1991, Examiner Hearing.)

Application of American Hunter Exploration, Ltd. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and two non-standard oil proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle/horizontal directional drilling pilot project in Sections 4 and 6, Township 27 North, Range 1 West, forming two non-standard oil spacing and proration units for said pool comprising 651.76 acres and 620.97 acres, respectively. Within each proration unit the applicant proposes to commence from surface unorthodox oil well locations (Section 4: 330 feet from the North and East lines and Section 6: 450 feet from the North line and 400 feet from the East line), drill vertically to a depth of 7500 feet, plug back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of each wellbore in each proration unit to the following described target windows: Section 4: 330 to 1830 feet from the North line and 330 to 2830 feet from the East line; and, Section 6: 330 to 1950 feet from the North line and 400 to 2900 feet from the East line. Said area is located approximately 24 miles south of Dulce, New Mexico.

CASE 10306: Application of Conoco Inc. for surface commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division (General) Rule 309-A for the surface commingling of North Dagger Draw-Upper Pennsylvanian Pool production from wells on 15 separate leases in an area comprising all of Sections 17 and 18, W 2 of Section 19 and the N/2 and SE/4 of Section 30, all in Township 19 South, Range 25 East, and the S/2 of Section 36, Township 19 South, Range 24 East, which is located approximately 15 miles west of Lakewood, New Mexico.

CASE 10245: (Reopened and Continued from May 2, 1991, Examiner Hearing.)

In the matter of Case 10245 being reopened pursuant to the provisions of Division Order No. R-9467-A, which order stayed Division Order No. R-9467, dated March 15, 1991, which order in turn created, designated and promulgated Special Rules and Regulations for the Warren-Blinebry Tubb Oil and Gas Pool, located in Township 20 South, Range 38 East, Lea County. Said order was a companion case to the Division's approval of Conoco's request for expansion of its Conoco Southland Blinebry Cooperative Waterflood Project in Division Case No. 10220 (Order No. R-6906-B). Further, Division Order No. R-9467 with an effective date of March 1, 1991 also provided for the following:

1. an expansion and contraction to the horizontal limits of the Blinebry Oil and Gas Pool;
2. a contraction to the horizontal limits of the Warren-Tubb Gas Pool; and
3. the creation and designation of the East Warren-Tubb Gas Pool.

CASE 10307: Application of Bird Creek Resources, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the East Loving-Delaware Pool in the perforated interval from approximately 4000 feet to 4450 feet in a well to be drilled 1157 feet from the North line and 491 feet from the East line (Unit A) of Section 5, Township 23 South, Range 28 East. Said location is approximately 2.5 miles northeast of Loving, New Mexico.

CASE 10283: (Continued from May 2, 1991, Examiner Hearing.)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation, in the open hole interval from approximately 10,300 feet to 10,700 feet in the previously plugged and abandoned Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East. Said well is located approximately 5.5 miles west of Lakewood, New Mexico.

CASE 10308: Application of Stevens Operating Corporation for pool creation, special pool rules, and a discovery allowable, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production comprising the NE/4 of Section 28, Township 13 South, Range 29 East, and the promulgation of special rules therefor including provisions for 160-acre spacing and designated well location requirements whereby wells would be no closer than 330 feet to the outer boundary of a spacing unit. Applicant further seeks the assignment of a discovery allowable for its McClellan Federal Well No. 1 located 2190 feet from the North line and 1990 feet from the East line (Unit H) of said Section 28, as provided by Division (General) Rule 509. Said area is located approximately 17.5 miles east by north of Hagerman, New Mexico.

CASE 10309: Application of Union Oil Company of California d/b/a as UNOCAL for special gas allowables, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-8170, as amended, establishing a special gas allowable rate of 500 MCF of gas per day for three certain wells to be completed in the Blanco-Mesaverde and/or Basin-Dakota Pools in the SE/4 of Section 22 and NW/4 of Section 20, Township 27 North, Range 6 West and in the NW/4 of Section 1, Township 26 North, Range 7 West, all within its Rincon Unit Area, which is located approximately 24 miles southeast by east of Blanco, New Mexico.

CASE 10310: Application of Amoco Production Company for surface commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to Division (General) Rules 303.A. and 309.A. for the surface commingling of North Loving-Morrow Gas Pool production from its Brantley Gas Com Well No. 1 located in Unit K of Section 22, Township 23 South, Range 28 East with East Loving-Delaware Pool production from wells on its Brantley and McClary Leases and its Jasso Unit, all in the S/2 of said Section 22, which is located approximately 1 mile east of Loving, New Mexico.

Dockets Nos. 15-91 and 16-91 are tentatively set for May 30, 1991 and June 13, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 16, 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 10293: (Continued from May 2, 1991, Examiner Hearing.)

Application of Yates Energy Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Scratchy Ranch State Exploratory Unit Agreement for an area comprising 5,120.00 acres, more or less, of State lands in Township 15 South, Range 32 East, which is located approximately 11 miles north-northeast of Maljamar, New Mexico.

CASE 10294: (Continued from May 2, 1991, Examiner Hearing.)

Application of Yates Energy Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Eidson Ranch Exploratory Unit Agreement for an area comprising 2990.08 acres, more or less, of State, Federal, and Fee lands in Township 16 South, Range 33 East, which is located approximately 8 miles northeast by north of Maljamar, New Mexico.

CASE 10304: Application of Cibola Energy Corporation for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Tularosa Unit Agreement for an area comprising 18,290.61 acres, more or less, of State and Federal lands in Townships 13 and 14 South, Ranges 10 and 11 East, which is approximately 5 to 13 miles west of Mescalero, New Mexico.

CASE 10280: (Continued from May 2, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10263: (Continued from May 2, 1991, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the E/2 of Section 30, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 30. 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 southwest by west of the B.I.A. Huerfano Community School.

CASE 10305: Application of LBO New Mexico, 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 Mississippian formation or to a depth of 11,200 feet, whichever is deeper, underlying the following described acreage in Section 9, Township 11 South, Range 33 East, and in the following manner: the S/2 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, possibly the SW/4 forming 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; the N/2 SW/4 forming a standard 80-acre oil spacing and proration unit in the North Bagley-Permo Pennsylvanian Pool; and the NW/4 SW/4 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 spacing. Said units are to be dedicated to a single well to be drilled 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 9 being a standard well location for 40, 80, and 160-acre spacing units but an unorthodox gas well location for a 320-acre spacing unit. 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 east by south of Caprock, New Mexico.