

Dockets Nos. 12-84 and 13-84 are tentatively set for March 28 and April 10, 1984. Applications for hearing must be heard at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 14, 1984

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

The following cases will be heard before Richard L. Stamets, Examiner, or Michael E. Stogner, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for April, 1984, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for April, 1984, from four prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico.

CASE 8079: (Continued from February 29, 1984, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Floyd E. Sherrell, American Manufacturers Mutual Insurance Company, and all other interested parties to appear and show cause why the Floyd Sherrell Well No. 1 located in Unit K of Section 32, Township 17 South, Range 26 East, Eddy County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 8050: (Continued from February 15, 1984, Examiner Hearing)

Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Bradley Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 26 South, Range 34 East.

CASE 8112: Application of Amoco Production Company for a non-standard proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 100-acre non-standard proration unit comprising the N/2 NE/4 of Section 3, Township 16 South, Range 32 East, North Anderson Ranch-Wolfcamp Pool, for a well to be drilled at an unorthodox location 1320 feet from the North line and 660 feet from the East line of said Section 3.

CASE 7945: (Continued from February 29, 1984, Examiner Hearing)

Application of J. Cleo Thompson and James Cleo Thompson, Jr., a Partnership, for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the Grayburg-San Andres formation underlying the West Square Lake Unit Area encompassing 3,500 acres, more or less, of State and Federal lands underlying portions of Sections 26, 32, 33, 34, 35 and 36 of Township 16 South, Range 30 East, and Sections 2 and 4 of Township 17 South, Range 30 East. The unitized interval would be the Grayburg-San Andres formation between the depths of 2818 feet and 3150 feet in Newmont Oil Company's Etz "C" Well No. 1 located in Section 34, Township 16 South, Range 30 East. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 8113: Application of Don Stuckey for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the N/2 of Section 5, Township 20 South, Range 25 East, Dagger Draw Upper Pennsylvanian Field.

CASE 8114: Application of Samedan Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz-Abo and Drinkard production in the wellbore of its Parks "A" Well No. 3 located 660 feet from the South and East lines of Section 14, Township 22 South, Range 37 East.

- CASE 8113: Application of Phillips Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 330 feet from the South line and 1200 feet from the East line of Section 14, Township 16 South, Range 30 East, Henshaw-Wolfcamp Pool.
- CASE 8116: Application of Rio Pecos Corporation for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 660 feet from the North line and 2310 feet from the West line of Section 27, Township 16 South, Range 37 East, Casey-Strawn Pool.
- CASE 8051: (Continued from February 1, 1984, Examiner Hearing)
- Application of Amerind Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the E/2 SW/4 of Section 21, Township 16 South, Range 37 East, 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 8052: (Continued from February 1, 1984, Examiner Hearing)
- Application of Amerind Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 SW/4 of Section 21, Township 16 South, Range 37 East, 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 8095: (Continued from February 29, 1984, Examiner Hearing)
- Application of Cities Service Oil & Gas Corporation for amendment of Division Order No. R-4808, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-4808 which authorized the Empire-Abo Pressure Maintenance Project to abolish the present maximum daily project allowable and to establish a new maximum daily project allowable of 4 MMcf per day.
- CASE 8098: (Continued from February 29, 1984, Examiner Hearing)
- Application of Tenneco Oil Company for compulsory pooling and dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the W/2 and in the Chacra formation underlying the SW/4 of Section 19, Township 26 North, Range 6 West, to be dedicated to a well to be drilled and dually completed 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 8099: (Continued from February 29, 1984, Examiner Hearing)
- Application of John S. Goodrich, Inc. for compulsory pooling or non-standard proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Southeast Chaves Queen Gas Area underlying the W/2 of Section 4, Township 13 South, Range 31 East, 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. In the alternative, applicant seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of said Section 4.
- CASE 8069: (Continued and Readvertised)
- Application of Anadarko Production Company for five unorthodox well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of five unorthodox well locations in its Burnham Unit in the Square Lake Grayburg-San Andres Pool at the following locations all within Section 2, Township 17 South, Range 30 East:

Well No. 5-3	2630 FSL and 1200 FWL
Well No. 2-4	2650 FSL and 2630 FEL
Well No. 6-4	1310 FSL and 2630 FWL
Well No. 2-5	2630 FSL and 1290 FEL
Well No. 4-2	1210 FSL and 1220 FEL

CASE 8070: (Continued from February 29, 1984, Examiner Hearing)

Application of Robert M. Edsel, Inc. for directional drilling, non-standard proration unit, creation of a new oil pool, and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the directional drilling of its Scott Well No. 2 from a surface location 2310 feet from the South line and 1980 feet from the West line of Section 1, Township 15 South, Range 36 East, to a bottomhole location in the Wolfcamp formation at an approximate vertical depth of 10,800 feet within a 100 foot radius of a point 3370 feet from the South line and 1670 feet from the West line of said Section 1 and for approval of a non-standard 80-acre proration and spacing unit consisting of the SE/4 NW/4 and the NE/4 SW/4 of said Section 1. Applicant further seeks the creation of a new Wolfcamp oil pool with special pool rules including a provision for 80-acre spacing and proration units.

CASE 8124: Application of Robert M. Edsel, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 NW/4 and NE/4 SW/4 of Section 1, Township 15 South, Range 36 East, 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 8102: (Continued from February 29, 1984, Examiner Hearing)

Application of OGR Operating Company, Inc. for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fusselman formation to form two standard 80-acre proration units in Section 9, Township 6 South, Range 34 East, the first being the W/2 NW/4 and the second being the E/2 NW/4, each 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 8117: Application of Slayton Oil Corporation for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 70.57-acre non-standard proration unit comprising Lots 8 and 9 of Section 18, Township 29 North, Range 14 West, Cha Cha Gallup Oil Pool.

CASE 8118: Application of Slayton Oil Corporation for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 94.65-acre non-standard proration unit comprising Lots 6, 10, and 11 of Section 18, Township 29 North, Range 14 West, Cha Cha Gallup Oil Pool.

CASE 8119: Application of Elk Oil Company for amendment of Division Order R-1011, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order R-1011 to allow for drilling and proration units to be located on the E/2, W/2, N/2 or S/2 in the Kemnitz-Wolfcamp Pool.

CASE 8120: Application of Santa Fe Energy Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 990 feet from the North line and 1330 feet from the West line of Section 27, Township 22 South, Range 27 East, the N/2 of said Section 27 to be dedicated to the well.

CASE 8121: Application of Mesa Grande Resources, Inc. for compulsory pooling and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Mesaverde formation to the base of the Dakota formation underlying the W/2 of Section 23, Township 25 North, Range 2 West, and for downhole commingling production from the base of the Mesaverde to the base of the Dakota in the wellbore of 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 8122: Application of Atlantic Richfield Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of all Kutz-Gallup Oil and Basin-Dakota Gas production underlying Sections 3 and 10 in Township 27 North, Range 11 West, and Sections 27 through 29, and 32 through 34 in Township 28 North, Range 11 West.

CASE 8123: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider:

The contraction of the Los Medanos-Atoka Gas Pool in Eddy County.

Dockets Nos. 9-84 and 10-84 are tentatively set for February 29 and March 14, 1984. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 15, 1984

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

The following cases will be heard before Richard L. Stamets, Examiner, or Michael E. Stogner, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1984, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1984, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1984, for both of the above areas.

CASE 8050: (Continued from February 1, 1984, Examiner Hearing)

Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Bradley Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 26 South, Range 34 East.

CASE 8064: Application of Conoco Inc. for a tertiary oil recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its State H-35 Vacuum Pressure Maintenance Project in the Vacuum Grayburg-San Andres Pool to a polymer-augmented waterflood, and pursuant to Section 212.78 of the U. S. Department of Energy Regulations and Section 4993 of the Internal Revenue Code, seeks certification of said project as a qualified tertiary oil recovery project.

CASE 8065: Application of Robert E. Boling for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp and Pennsylvanian formations in the perforated interval from 8650 feet to 9000 feet in the Empire 22 Federal Well No. 1 located 330 feet from the South and West lines of Section 22, Township 18 South, Range 29 East.

CASE 8041: (Continued from January 18, 1984, Examiner Hearing)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota gas production and Gavilan-Mancos oil production in the wellbore of its Native Son Well No. 2 located 1020 feet from the South line and 1670 feet from the West line of Section 27, Township 25 North, Range 2 West.

CASE 8066: Application of Alpha Twenty-One Production Company for exception to Rule 15B of the General Rules and Regulations pertaining to prorationing in Southeastern New Mexico. Applicant, in the above-styled cause, pursuant to provisions of Rule 15E of these rules, seeks to produce its El Paso State Well No. 1-J located in Section 22, Township 23 South, Range 36 East, and its El Paso Plant Well No. 1-L located in Section 32, Township 23 South, Range 37 East, at a rate of no less than 75 Mcf per day each, to delay the reduction of over production from these wells.

CASE 8067: Application of Amoco Production Company for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 2050 feet from the North line and 1625 feet from the East line of Section 8, Township 26 North, Range 18 West, Tocito Dome Pennsylvanian "D" Field, the NE/4 of said Section 8 to be dedicated to the well.

CASE 8068: Application of Amoco Production Company for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox well location 2450 feet from the South line and 2300 feet from the East line of Section 22, Township 26 North, Range 18 West, Tocito Dome Pennsylvanian "D" Field, the SE/4 of said Section 22 to be dedicated to the well.

CASE 8055: (Continued and Readvertised)

Application of Hanson Operation Corporation Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb, Drinkard and Granite Wash production in the wellbore of its Gutman Well No. 7 located 810 feet from the North line and 880 feet from the West line of Section 19, Township 22 South, Range 38 East.

CASE 8069: (This case will be continued to the February 29, 1984, Examiner Hearing)

Application of Anadarko Production Company for five unorthodox well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of five unorthodox well locations in its Burnham Unit in the Square Lake Grayburg-San Andres Pool, at the following locations all within Section 2, Township 17 South, Range 30 East:

<u>WELL</u>	<u>LOCATION</u>
#5-3	1310 FWL and 2630 FSL
#2-4	2630 FEL and 2630 FSL
#6-4	2630 FWL and 1310 FSL
#2-5	2630 FSL and 1330 FEL
#4-2	1310 FSL and 1310 FEL

CASE 8070: Application of Robert M. Edsel Inc. for directional drilling, non-standard proration unit, creation of a new oil pool, and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the directional drilling of its Scott Well No. 2 from a surface location 2310 feet from the South line and 1980 feet from the West line of Section 1, Township 15 South, Range 36 East, to a bottomhole location in the Wolfcamp formation at an approximate vertical depth of 10,800 feet within a 100 foot radius of a point 3370 feet from the South line and 1670 feet from the West line of said Section 1 and for approval of a non-standard 80-acre proration and spacing unit consisting of the SE/4 NW/4 and the NE/4 SW/4 of said Section 1. Applicant further seeks the creation of a new Wolfcamp oil pool with special pool rules including a provision for 80-acre spacing and proration units.

CASE 8071: Application of Superior Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bone Springs formation underlying the E/2 SE/4 and all mineral interests in all other formations from the surface through the Wolfcamp formation underlying the NE/4 SE/4 of Section 17, Township 19 South, Range 35 East, 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 8072: Application of Coastal Oil & Gas Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 990 feet from the North line and 1300 feet from the East line of Section 27, Township 14 South, Range 32 East, Tulk Pennsylvanian Field, the NE/4 of said Section 27 to be dedicated to the well.

CASE 8048: (Continued and Readvertised)

Application of AMMEX Petroleum, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bone Spring formation, South Culebra Bluff Bone Spring Pool, underlying the S/2 SE/4 of Section 28, Township 23 South, Range 28 East and the pooling of all other formations from the surface to a depth of 8000 feet underlying the SE/4 SE/4 of Section 28, 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.

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 16, 1984

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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- CASE 8073: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider certain amendments to Oil Conservation Division Form C-125. The proposed revisions to this form delete the columns requiring the submission of shut-in pressure in psia and the previous test date. This recommended change is based upon the availability of this data in the Division's computer system and the lack of the necessity for resubmission of this data on Forms C-125.
- CASE 8074: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amendments to Rule 111 relating to deviation tests and directional drilling. The Commission will consider the adoption of an administrative approval for directional drilling to be added as Subsections (c), (d), (e) and (f) of Rule 111. The proposed procedure would allow administrative approval when the inability to use an orthodox surface location is caused by topographic conditions or other surface obstructions and the bottomhole is either orthodox or is a previously approved unorthodox bottomhole location. Subsection (d) of this proposed rule change will set forth the filing requirements. Subsection (e) will set forth the notification procedures and Subsection (f), as proposed, permits the Division Director the discretion to set any of these applications for hearing if he believes it is appropriate.
- CASE 8075: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amendments to Rule 104 F I. The Commission will consider the expansion of the authority of the Oil Conservation Division Director to grant administrative approval to unorthodox well locations.
- CASE 8076: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amendments to Rule 306 relating to casinghead gas. These proposed changes to Rule 306 relate to clarification of the language when it refers to other sections of the rule.
- CASE 8077: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the establishment of a classification of natural gas wells to be known as "hardship wells" which wells will be entitled to priority access to natural gas pipeline transportation facilities. The Commission will consider whether or not there are certain natural gas wells within the State of New Mexico which should be entitled to priority transportation access because of waste which would result from the failure to obtain such access. In addition, the Commission will consider the establishment of an administrative procedure for consideration and possible granting of applications for hardship well classification.
- CASE 7962: (Reopened)
- In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider certain amendments to Rule 902 of the Oil and Gas Rules and Regulations. The Commission will consider proposed amendments to Rule 902 to extend the coverage of this Ratable Take rule to include casinghead gas produced from oil wells and further amend Rule 902 to include the exception of "hardship wells" from coverage of the Ratable Take rules. This proposed rule change is in conformance with amendments made to the Oil and Gas Act by the New Mexico Legislature. Copies of the proposed rule changes are available for inspection during normal business hours at the main office of the Oil Conservation Division, State Land Office Building, Santa Fe, and at the Division's District Offices in Artesia, Aztec and Hobbs.
- CASE 8078: Application of Doyle Hartman for a non-standard gas spacing unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 480-acre non-standard spacing unit and simultaneous dedication of all Jalmat wells on the spacing unit comprising the E/2 SE/4 of Section 19 and the E/2 and E/2 NW/4 of Section 30, Township 25 South, Range 37 East.
- CASE 8038: (Continued and Readvertised)
- Application of E. Alex Phillips for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Mesaverde formation to the base of the Dakota formation underlying the S/2 of Section 26, Township 25 North, Range 2 West, 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.

Dockets Nos. 7-84 and 8-84 are tentatively set for February 15 and February 29, 1984. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 25, 1984

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following case was continued from the January 11, 1984 Commission Hearing:

CASE 7998: Application of Amoco Production Company for creation of a new pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order contracting the existing boundaries of the Scharb-Bone Spring Pool in Township 19 South, Range 35 East, and creating a new pool to be designated as the East Scharb-Bone Spring Pool with special pool rules including a provision for 40-acre proration units.

Docket No. 5-84

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 1, 1984

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

The following cases will be heard before Richard L. Stamets, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 8050: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Bradley Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 26 South, Range 34 East.

CASE 8051: Application of Amerind Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the E/2 SW/4 of Section 21, Township 16 South, Range 37 East, 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 8052: Application of Amerind Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 SW/4 of Section 21, Township 16 South, Range 37 East, 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 8053: Application of Santa Fe Energy Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to re-enter a well at an unorthodox location 760 feet from the South line and 660 feet from the West line of Section 26, Township 22 South, Range 28 East, to test the Wolfcamp and Pennsylvanian formations.

CASE 8054: Application of Mobil Producing Texas & New Mexico, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Tocio Dome Penn "D" formation in the perforated and open hole interval from 6302 feet to 6329 feet in its Navajo Well No. 1 located 660 feet from the South and West lines of Section 9, Township 26 North, Range 18 West.

CASE 8055: Application of Hanson Operating Corporation Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Drinkard, and Granite Wash production in the wellbore of its Gutman Well No. 7 located 810 feet from the North line and 880 feet from the West line of Section 19, Township 22 South, Range 38 East.

- CASE 8056: Application of Enstar Petroleum, Inc. for directional drilling, non-standard proration unit, creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the directional drilling of its Scott Well No. 2 from a surface location 2310 feet from the South line and 1980 feet from the West line of Section 1, Township 15 South, Range 36 East, to a bottomhole location in the Wolfcamp formation at an approximate vertical depth of 10,800 feet within a 100 foot radius of a point 3080 feet from the South line and 1650 feet from the West line of said Section 1, and for approval of a non-standard 80-acre proration unit consisting of the SE/4 NW/4 and the NE/4 SW/4 of said Section 1. Applicant further seeks the creation of a new Wolfcamp oil pool with special pool rules including a provision for 80-acre spacing and proration units.
- CASE 8057: Application of Belco Development Corporation for an unorthodox location and directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the directional drilling of a well at an unorthodox surface location 660 feet from the South line and 100 feet from the West line of Section 8, Township 23 South, Range 31 East, with deviation commencing at a depth of approximately 8430 feet, to a bottomhole location in the Wolfcamp and Pennsylvanian formations within a 100 foot radius of a point 660 feet from the South line and 1980 feet from the East line of Section 7, Township 23 South, Range 31 East.
- CASE 8058: Application of Northwest Pipeline Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Undesignated Gallup and Basin-Dakota production in the wellbore of its San Juan 30-5 Unit Well No. 91 located 1950 feet from the South line and 835 feet from the West line of Section 25, Township 30 North, Range 5 West.
- CASE 8059: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blinberry formation underlying the NW/4 NE/4 of Section 33, Township 19 South, Range 38 East, 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 8060: Application of Atlantic Richfield Company for amendment of Division Order R-4549, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order R-4549 to abolish the present maximum daily project allowable for the Empire-Abo Pressure Maintenance Project and to establish a new maximum daily project allowable of 65 mmcf per day whereby oil will be produced at a maximum rate possible while maintaining the associated gas production at or below the 65 mmcf per day limitation.
- CASE 8061: Application of Arco Oil & Gas Company for a tertiary oil recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Seven Rivers-Queen Unit Waterflood Project in the South Eunice-Seven Rivers-Queen Pool to a polymer-augmented waterflood, and pursuant to Section 212.78 of the U. S. Department of Energy Regulations and Section 4993 of the Internal Revenue Code, seeks certification of said project as a qualified tertiary oil recovery project.
- CASE 8062: 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 Chaves, Eddy, Lea and Roosevelt Counties, New Mexico:
- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Avalon-Bone Spring Pool. The discovery well is the Exxon Corporation Burton Flat B Federal Well No. 1 located in Unit E of Section 1, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 1: Lots 3, 4, 5, and 6
 - (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Berry-Bone Spring Pool. The discovery well is the Getty Oil Company Getty 6 State Com Well No. 1 located in Unit K of Section 6, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 6: Lots 11, 12, 13, and 14

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production and designated as the Cawley Draw-Yeso Pool. The discovery well is the Phillips Oil Company Rocky Well No. 1 located in Unit I of Section 4, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

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

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Loving-Delaware Pool. The discovery well is the Ammex Petroleum, Inc. Kim Well No. 1 located in Unit C of Section 21, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 21: NW/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Owen Mesa-Atoka Gas Pool. The discovery well is the Superior Oil Company Mayer Federal Com Well No. 1 located in Unit I of Section 26, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 26: E/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Tres Hombres-Atoka Gas Pool. The discovery well is the Baber Well Service Long Box Unit Well No. 1 located in Unit H of Section 30, Township 20 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 30: E/2

- (g) EXTEND the Airstrip-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 31: NW/4

- (h) EXTEND the Atoka Glorieta-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 27: N/2 N/2
Section 35: NE/4

- (i) EXTEND the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 8: All

- (j) EXTEND the Avalon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 28: W/2
Section 29: S/2

- (k) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 23: NE/4

- (l) EXTEND the Chaveroo-San Andres Pool in Roosevelt and Chaves Counties, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 34 EAST, NMPM
Section 17: NE/4

TOWNSHIP 8 SOUTH, RANGE 33 EAST NMPM
Section 21: NW/4

- (m) EXTEND the Crossroad-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 29: E/2 W/2

- (n) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 18: SE/4

- (o) EXTEND the Double X-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 27: NW/4

- (p) EXTEND the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 29: NE/4

- (q) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 11: N/2
Section 12: N/2

- (r) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
Section 4: NW/4

- (s) EXTEND the Foor Ranch-Pre Permian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 23: N/2

- (t) EXTEND the Four Mile Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 35: E/2
Section 36: N/2

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM
Section 2: E/2

- (u) EXTEND the East Hightower-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 19: SE/4
Section 30: NE/4

- (v) EXTEND the McMillan-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 5: S/2

- (w) EXTEND the West Nadine-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 7: NE/4

- (x) EXTEND the West Pearl-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 33: NW/4

- (y) EXTEND the Quahada Ridge-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 35: W/2

- (z) EXTEND the Red Hills-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 13: W/2 and NE/4

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

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 33: E/2 E/2

- (bb) EXTEND the Southeast Scharb-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 16: E/2

- (cc) EXTEND the Tomahawk-San Andres Pool in Chaves and Roosevelt Counties, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 17: SW/4
Section 20: NW/4

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 1: SE/4

- (dd) EXTEND the Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 2: SE/4

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 2, 1984

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8003: (De Novo)

Application of Eaton Industries of Houston, 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 1650 feet from the South line and 2290 feet from the East line of Section 27, Township 12 South, Range 37 East, Southwest Gladiola-Devonian Field, the N/2 SE/4 of said Section 27 to be dedicated to the well. At the request of Cities Service Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8030: (Continued and Readvertised)

Application of Samuel Gary Oil Producers, Inc. for a new pool creation and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool in Township 20 North, Ranges 2 and 3 West, for the production of oil from the Mancos formation and the promulgation of special pool rules therefor including a provision for 320-acre spacing.

CASE 8063: Application of Champlin Petroleum Company for creation of a new oil pool and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool in Township 20 North, Ranges 2 and 3 West, for the production of oil from the Mancos formation and the promulgation of temporary special pool rules therefor including a provision for 160-acre spacing and well location requirements.