

Dockets Nos. 20-88 and 21-88 are tentatively set for July 6 and July 20, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1988

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:

CASE 9380: (Continued from June 8, 1988, Examiner Hearing)

Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Fork Unit Area comprising 20,775.02 acres, more or less, of State, Federal and Fee lands in portions of Townships 4 and 5 South, Ranges 21 and 22 East. The center of said acreage is approximately  $3\frac{1}{4}$  miles west of the intersection of U.S. Highway No. 285 and State Highway No. 20.

CASE 9381: (Continued from May 25, 1988, Examiner Hearing)

Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Camp State Unit Area comprising 5,453.34 acres, more or less, of State, Federal and Fee lands in portions of Township 5 South, Ranges 22 and 23 East. The unit area is located astraddle U.S. Highway No. 285 between the store and garage at Mesa, New Mexico, and the State-maintained Rest Stop three miles north of Mesa, New Mexico; being approximately 28 miles north of the town of Roswell, New Mexico.

CASE 9413: Application of Yates Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special pool rules for the Avalon-Delaware Pool located in portions of Township 20 South, Ranges 27 and 28 East, including a provision to increase the gas-oil ratio limitation to 5,000 cubic feet of gas per barrel of oil. Said area is located approximately 9 miles north of Carlsbad, New Mexico.

CASE 9395: (Continued from June 8, 1988, Examiner Hearing)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 12, Township 13 South, Range 32 East, to test all formations and/or pools to the base of the Mississippian formation, developed on 320-acre spacing, the E/2 of said Section 12 to be dedicated to said well. Said well is approximately 12.75 miles south by east of Caprock, New Mexico.

CASE 9396: (Continued from June 8, 1988, Examiner Hearing)

Application of BCO, Inc. for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order modifying the standard 40-acre spacing requirements for its State "J" Well No. 1 located 540 feet from the North line and 820 feet from the East line (Unit A) of Section 16, Township 23 North, Range 7 West, which is presently completed as an oil well in both the Undesignated Lybrook-Gallup Oil Pool and Graneros formation (DHC-672) and dedicated to the NE/4 NE/4 of said Section 16, by: (a) permitting the dedication of an additional 40 acres (NW/4 NE/4) to said unit, thereby forming a non-standard 80-acre oil spacing and proration unit consisting of the N/2 NE/4 of said Section 16; and (b) said order to be made retroactive to the date of first production, October 13, 1987. Said well is located in Lybrook, New Mexico.

CASE 9414: Application of Hanson Operating Company, Inc. for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 3 of the Special Rules and Regulations for the Allison-Pennsylvanian Pool, as promulgated by Division Order No. R-1389-B, thereby authorizing an unorthodox oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 17, Township 8 South, Range 37 East, the W/2 SE/4 of said Section 17 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately one mile southeast by south of Bluit, New Mexico.

CASE 9415: Application of Manzano Oil 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 Undesignated Santo Nino-Bone Spring Pool underlying either the SW/4 SE/4 of Section 30, Township 18 South, Range 30 East, to form a standard statewide 40-acre oil spacing and proration unit within said vertical limits or the W/2 SE/4 of said Section 30, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing, both aforementioned units 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 risk involved in drilling said well. Said units are located 7.5 miles south by west of Loco Hills, New Mexico.

CASE 9385: (Continued from June 8, 1988, Examiner Hearing)

Application of Blackwood & Nichols Co., Ltd. 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 Ojo Alamo or Kirtland formation in the perforated interval from approximately 2422 feet to 2531 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West. Said well is approximately 8 miles north-northeast of the Navajo Lake Dam.

CASE 9416: Application of Union Oil Company of California d/b/a/ Unocal for special pool rules and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the House Yates - Seven Rivers Gas Pool, located in portions of Townships 19 and 20 South, Ranges 38 and 39 East, including a provision for 80-acre spacing and designated well locations. Applicant also seeks an exception to the well location requirements of the proposed new special pool rules for the Fletcher Well No. 1 to be re-entered 1980 feet from the North line and 330 feet from the West line of Section 5, Township 20 South, Range 39 East. Said area is approximately 2.5 miles east by south of Nadine, New Mexico.CASE 9407: (Continued from June 8, 1988, Examiner Hearing)

Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2310 feet from the South line and 960 feet from the East line (Unit I) of Section 11, Township 22 South, Range 24 East, Undesignated McKittrick Hills-Morrow Gas Pool, the S/2 of said Section 11 to be dedicated to said well. This location is approximately 14.5 miles west of Carlsbad, New Mexico.

CASE 9419: 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 from the surface to a depth of approximately 11,500 feet underlying the N/2 NW/4 of Section 32, Township 16 South, Range 37 East, to form a standard 80-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing 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 6.5 miles northwest of Humble City.CASE 9350: (Continued from June 8, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9417: Application of Anadarko Petroleum Corporation for compulsory pooling and unorthodox oil 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 Strawn formation underlying either the SE/4 SE/4 of Section 28, Township 16 South, Range 38 East, to form a standard statewide 40-acre oil spacing and proration unit or the E/2 SE/4 of said Section 28 forming a standard 80-acre oil spacing and proration unit for the Strawn formation, only if and at such time as special pool rules for 80-acre spacing in the Strawn formation are adopted in this area. Both aforementioned units are to be dedicated to a well to be drilled at an unorthodox oil well location 1100 feet from the South line and 450 feet from the East line (Unit P) of said Section 28. 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 location is approximately 5 miles south by west of the Old Hobbs Army Corps Auxiliary Airfield No. 1.CASE 9362: (Continued from June 8, 1988, Examiner Hearing)

Application of Meridian Oil Inc. for the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool and the concomitant contraction of the Mount Nebo-Fruitland Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool to include any and all coal zones of the Fruitland formation, from approximately 2,579 feet to 2,878 feet, in Sections 3 through 6, Township 31 North, Range 10 West, and Sections 19 through 22 and 27 through 34, Township 32 North, Range 10 West. Applicant also seeks the concomitant contraction of said zones from the Mount Nebo-Fruitland Pool. Said area consists of 16 square miles in the form of a square centered approximately 5.5 miles east by north of Cedar Hill, New Mexico.

CASE 9409: (Readvertised)

Application of Conoco Inc. for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1550 feet from the North line and 2460 feet from the West line (Unit F) of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, to be simultaneously dedicated to the existing 40-acre proration unit consisting of the SE/4 NW/4 of said Section 19 to the above-described well and to its Eaves A. Well No. 4 located 1980 feet from the North line and 1650 feet from the West line of said Section 19. Said unit is approximately 2 miles north of Mile Corner 8 on the Texas/New Mexico State line.

CASE 8822: (Reopened)

In the matter of Case No. 8822 being reopened pursuant to the provisions of Division Order No. R-8188-A, which promulgated temporary special rules and regulations for the Northeast Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, including a provision for 160-acre spacing units. Operators in the subject pool may appear and show cause why the Northeast Ojito Gallup-Dakota Oil Pool should not be developed on standard statewide 40-acre proration unit.

CASE 9418: Application of Inexco Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 1200 feet from the North line and 500 feet from the West line (Unit D) of Section 17, Township 16 South, Range 36 East, Undesignated West Lovington-Pennsylvanian Pool, the NW/4 NW/4 of said Section 17 to be dedicated to said well. Said location is approximately 2 miles west-northwest of Lovington, New Mexico.

CASE 9387: (Readvertised)

Application of Exxon Corporation for an unorthodox gas well location, downhole commingling, hydrocarbon storage authority, and relief from the reporting requirements of Division General Rule 1131, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Happy Valley-Morrow Gas Pool with the Northeast Sheep Draw-Strawn Gas Pool in the wellbore of its Happy Valley Federal Com Well No. 1 located at a previously approved unorthodox gas well location for the Morrow zone (NSL-2010) 1780 feet from the North line and 1830 feet from the East line (Unit G) of Section 28, Township 22 South, Range 26 East. Applicant further requests approval to utilize the Strawn zone in said well for storage of gas from the Morrow zone and an exemption from the reporting requirements of Division General Rule 1131. Said well is located approximately 1.25 miles northwest by north of the Carlsbad City Dump.

CASE 9389: (Continued from May 25, 1988, Examiner hearing)

Application of Robert N. Enfield 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 Devonian formation underlying the NW/4 of Section 29, Township 7 South, Range 31 East, 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 limits or the W/2 of said Section 29 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 limits, both aforementioned units to be dedicated to its E. McCombs Well No. 1 drilled at an unorthodox gas well location (for a 320-acre dedication) 1650 feet from the North line and 990 feet from the West line (Unit E) of said Section 29. 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 units are located approximately 11 miles south by west of Kenna, New Mexico.

CASE 9353: (Continued from June 8, 1988, Examiner Hearing)

Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9397: (Readvertised)

Application of Petrus Oil Company, L. P. 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 1310 feet from the West line (Unit L) of Section 11, Township 17 South, Range 33 East, Undesignated Sannal-Queen Pool, the NW/4 SW/4 of said Section 11 to be dedicated to said well. Said location is approximately 7 miles east of Maljamar, New Mexico.

CASE 9394 (Reopened and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending a certain pool in Chaves County, New Mexico.

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMFM  
Section 21: S/2 NE/4 and NW/4 NE/4



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

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N O T I C E

The location for the State of the Industry Meeting scheduled for June 3, 1988, at 9 o'clock a.m. has been changed from Morgan Hall, State Land Office Building, to a meeting room at the Inn At Loretto, 211 Old Santa Fe Trail, Santa Fe, New Mexico.

Dockets Nos. 19-88 and 20-88 are tentatively set for June 22 and July 6, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 8, 1988

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 Michael E. Stogner, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for July, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for July, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

✓ CASE 9380: (Readvertised) (This case will be continued to June 22, 1988.)

Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Fork Unit Area comprising 20,775.02 acres, more or less, of State, Federal and Fee lands in portions of Townships 4 and 5 South, Ranges 21 and 22 East. The center of said acreage is approximately 3 1/4 miles west of the intersection of U.S. Highway No. 285 and State Highway No. 20.

CASE 9395: Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 12, Township 13 South, Range 32 East, to test all formations and/or pools to the base of the Mississippian formation, developed on 320-acre spacing, the E/2 of said Section 12 to be dedicated to said well. Said well is approximately 12.75 miles south by east of Caprock, New Mexico.

CASE 9382: (Continued from May 25, 1988, Examiner Hearing)

Application of TXO Production Corp. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Phiester State Unit Area comprising 320 acres, more or less, of State lands in the E/2 of Section 36, Township 11 South, Range 37 East. Said unit is located approximately 4.5 miles north of U.S. Highway 380 on County Road 168.

CASE 9383: (Continued from May 25, 1988, Examiner Hearing)

Application of TXO Production Corp. for directional drilling and unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the plugged and abandoned Skelton Oil Company Phillips State Well No. 1 located 2310 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 11 South, Range 37 East, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted locations (both of which are unorthodox):

1. In the Wolfcamp formation - 2570 feet from the North line and 1604 feet from the East line of said Section 36; and,
2. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36;

both zones to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit. IN THE ALTERNATIVE, should re-entry into the aforementioned well be found impracticable, the applicant seeks authority to re-enter the temporarily abandoned Apache Corporation Heyco "36" State Well No. 1 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 36, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted locations (both of which are unorthodox):

1. In the Wolfcamp formation - 1890 feet from the North line and 1289 feet from the East line of said Section 36 to be dedicated to the SE/4 NE/4 (Unit H) of said Section 36 forming a standard 40-acre oil spacing and proration unit; and,
2. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36 to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit.

Said unit is located approximately 4.5 miles north of U.S. Highway 380 on County Road 168.

CASE 9396: Application of BCO, Inc. for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order modifying the standard 40-acre spacing requirements for its State "J" Well No. 1 located 540 feet from the North line and 820 feet from the East line (Unit A) of Section 16, Township 23 North, Range 7 West, which is presently completed as an oil well in both the Undesignated Lybrook-Gallup Oil Pool and Graneros formation (DHC-672) and dedicated to the NE/4 NE/4 of said Section 16, by: (a) permitting the dedication of an additional 40 acres (NW/4 NE/4) to said unit, thereby forming a non-standard 80-acre oil spacing and proration unit consisting of the N/2 NE/4 of said Section 16; and (b) said order to be made retroactive to the date of first production, October 13, 1987. Said well is located in Lybrook, New Mexico.

CASE 9397: Application of Petrus Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1650 feet from the South line and 2590 feet from the West line (Unit K) of Section 11, Township 17 South, Range 33 East, to test the Queen formation, the NE/4 SW/4 of said Section 11 to be dedicated to said well. Said location is approximately 3.5 miles north-northwest of Buckeye, New Mexico.

CASE 9398: Application of Exxon Corporation for downhole commingling, simultaneous dedication, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Drinkard, Tubb Oil and Gas, and Blinebry Oil and Gas Pools within the wellbore of its N. G. Penrose Wells Nos. 1 and 2 located in Unit B (660' FNL and 1980' FEL) and Unit H (1980' FNL and 660' FEL), respectively, Section 13, Township 22 South, Range 37 East, and to commingle production for the Drinkard, Wantz-Granite Wash, Blinebry Oil and Gas, and Tubb Oil and Gas Pools within the wellbore of its N. G. Penrose Well No. 4 located in Unit A (350' FNL and 660' FEL) of said Section 13. Applicant further seeks to simultaneously dedicate Tubb gas production from the three above-described wells with the N. G. Penrose Well No. 3 located in Unit G (1980' FN and EL) of said Section 13 to the NE/4 of Section 13 forming a standard 160-acre gas spacing and proration unit for said pool. Also the applicant seeks approval for an unorthodox gas well location for said N. G. Penrose Well No. 4 in the Tubb Pool. Said wells are located approximately 4 miles southeast of Eunice, New Mexico.

CASE 9399: Application of Exxon Corporation to amend Division Administrative Order DHC-195, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Administrative Order DHC-195, as amended April 15, 1988, which authorized downhole commingling of production from the Drinkard, Wantz-Granite Wash, and Blinebry Oil and Gas Pools in its N. G. Penrose Well No. 3 located 1980 feet from the North and East lines (Unit G) of Section 13, Township 22 South, Range 37 East, by removing from said order the testing provisions of the Blinebry zone. Said well is located approximately 4 miles southeast of Eunice, New Mexico.

CASE 9353: (Continued from May 25, 1988, Examiner Hearing)

Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9400: Application of Wagner and Brown to amend Division Order No. R-4326, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-4326 by expanding the existing disposal interval in its Soldier Hill "AE" State Well No. 1, located 800 feet from the North line and 1800 feet from the West line (Unit C) of Section 23, Township 12 South, Range 32 East (currently disposing into the East Caprock-Devonian Pool from 11,224 feet to 11,234 feet), to include all formations from 6,000 feet to 11,234 feet. Said well is located approximately 8.5 miles south by east of Caprock, New Mexico.

CASE 9401: Application of Northwest Pipeline Corporation for salt water disposal, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water, at a maximum injection pressure in excess of 0.2 psi/ft. of depth to the uppermost perforation, into the Blanco-Mesaverde Pool in the perforated interval from 5360 feet to 5681 feet in its Rosa Unit Well No. 94 located 1650 feet from the South line and 1820 feet from the West line (Unit K) of Section 16, Township 31 North, Range 5 West, which is located approximately 7 miles south of the point common to Colorado, New Mexico, and the western boundary of the Carson National Forest.

CASE 9402: Application of Union Texas Petroleum Corporation for an infill well finding, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to FERC Rule 271.305 of the Natural Gas Policy Act of 1978 and to Rule 16.A.5 of Division Order No. R-5878-B, as amended, showing that its State Com Well No. 1-A located 1028 feet from the North line and 1120 feet from the East line (Unit A) of Section 16, Township 28 North, Range 9 West, Basin-Dakota Pool, is needed to effectively and efficiently drain the existing 320-acre gas spacing and proration unit comprising the E/2 of said Section 16 which could not otherwise be produced by either the existing well or any other such well which has produced from the Basin-Dakota Pool within said unit. This unit is located approximately 4.75 miles southeast by south of Blanco, New Mexico.

CASE 9371: (Continued from May 11, 1988, Examiner Hearing)

Application of Reading & Bates Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 15, Township 25 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Howard Federal "15" Well No. 43 located at a standard oil well location 1650 feet from the South line and 790 feet from the East line of said Section 15 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and to which the E/2 of said Section 15 is presently dedicated. 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 overlaid by the community of Gavilan, New Mexico.

CASE 9376: (Continued and Readvertised from May 25, 1988, Examiner Hearing)

Application of Nearburg Producing Company to amend Division Order No. R-8605 and the assignment of an oil allowable retroactive to April 1, 1988, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8605, dated March 8, 1988, by changing the non-standard oil proration unit to include Lots 3 and 4 of Section 19, Township 16 South, Range 37 East, to be dedicated to its Soledad "19M" Well No. 1 located at an unorthodox location 1000 feet from the South and West lines of said Section 19 thereby forming a non-standard oil spacing and proration unit consisting of 100.81 acres. Applicant also seeks the assignment of an oil allowable for said well to be made retroactive to April 1, 1988 based on the new acreage factor. Said well is located approximately 4.25 miles southeast of Lovington, New Mexico.

CASE 9403: Application of Nearburg Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 400 feet from the South and East lines (Unit P) of Section 24, Township 16 South, Range 36 East, Northeast Lovington-Pennsylvanian Pool, the S/2 SE/4 of said Section 24 to be dedicated to said well. This location is approximately 4 miles southeast of Lovington, New Mexico.

CASE 9404: Application of Nearburg Producing Company for a non-standard oil proration unit and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 330 feet from the North and West lines (Unit D) of Section 30, Township 16 South, Range 37 East, Undesignated Northeast Lovington-Pennsylvanian Pool, said well to be dedicated to Lots 1 and 2 of said Section 30 thereby forming a 100.49-acre non-standard oil proration and spacing unit for said pool. Said location is approximately 4.3 miles southeast of Lovington, New Mexico.

CASE 9405: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1200 feet from the South line and 750 feet from the West line (Unit M) of Section 26, Township 19 South, Range 25 East, Undesignated Cemetery-Morrow Gas Pool, the S/2 of said Section 26 to be dedicated to the well. Said location is approximately 4.8 miles west by south of Lakewood, New Mexico.

CASE 9406: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, Undesignated McKittrick Hills-Morrow Gas Pool, the S/2 of said Section 1 to be dedicated to said well. This location is approximately 13 miles west of Carlsbad, New Mexico.

CASE 9407: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2310 feet from the South line and 960 feet from the East line (Unit I) of Section 11, Township 22 South, Range 24 East, Undesignated McKittrick Hills-Morrow Gas Pool, the S/2 of said Section 11 to be dedicated to said well. This location is approximately 14.5 miles west of Carlsbad, New Mexico.

CASE 9373: (Continued and Readvertised from May 25, 1988, Examiner Hearing)

Application of Texaco Producing 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 Brushy Draw-Delaware Pool in the perforated interval from approximately 5417 feet to 6170 feet in its Salt Mountain "36" State Well No. 1 located 660 feet from the North and West lines (Unit D) of Section 36, Township 26 South, Range 29 East, which is located approximately 2.25 miles east by north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 9385: (Continued from May 25, 1988, Examiner Hearing)

Application of Blackwood & Nichols Co., Ltd. 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 Ojo Alamo or Kirtland formation in the perforated interval from approximately 2422 feet to 2531 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West. Said well is approximately 8 miles north-northeast of the Navajo Lake Dam.

CASE 9350: (Continued from May 25, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.



CASE 9408: Application of J. R. Cone for determination of permanent allocation of downhole commingled production and for the amendment of Division Administrative Order DHC-473, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Administrative Order DHC-473, dated June 27, 1984, by determining the permanent allocation of production from the Blinebry, Tubb, and Drinkard Pools and for the adjustment of said production allocation retroactive to August 16, 1984 for its J. R. Cone Eubanks Well No. 2 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 14, Township 21 South, Range 37 East. Said well is located approximately 3 miles north-northeast of Eunice, New Mexico.

CASE 9362: (Continued from May 25, 1988, Examiner Hearing)

Application of Meridian Oil Inc. for the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool and the concomitant contraction of the Mount Nebo-Fruitland Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool to include any and all coal zones of the Fruitland formation, from approximately 2,579 feet to 2,878 feet, in Sections 3 through 6, Township 31 North, Range 10 West, and Sections 19 through 22 and 27 through 34, Township 32 North, Range 10 West. Applicant also seeks the concomitant contraction of said zones from the Mount Nebo-Fruitland Pool. Said area consists of 16 square miles in the form of a square centered approximately 5.5 miles east by north of Cedar Hill, New Mexico.

CASE 8834: (Reopened and Readvertised)

In the matter of Case No. 8834 being reopened pursuant to the provisions of Division Order No. R-8222, which promulgated temporary special pool rules and regulations for the Alston Ranch-Upper Pennsylvanian Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the Alston Ranch-Upper Pennsylvanian Pool should not be developed on 40-acre proration units. The present horizontal extent of said pool consists of the W/2 of Section 25, Township 13 South, Range 34 East, which is located approximately 9 miles west by north of McDonald, New Mexico.

CASE 9409: Application of Conoco Inc. for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1650 feet from the North line and 2460 feet from the West line (Unit F) of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, to be simultaneously dedicated to the existing 40-acre proration unit consisting of the SE/4 NW/4 of said Section 19 to the above-described well and to its Eaves A. Well No. 4 located 1980 feet from the North line and 1650 feet from the West line of said Section 19. Said unit is approximately 2 miles north of Mile Corner 8 on the Texas/New Mexico State line.

CASE 9410: Application of Tipperary Oil & Gas Corporation for an unorthodox oil well location and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to plug back its Monsanto "30" State Well No. 2, located 1830 feet from the South line and 660 feet from the East line (Unit I) of Section 30, Township 16 South, Range 37 East, to 8,230 feet and then commence drilling directionally to penetrate the top of the Undesignated Northeast Lovington-Pennsylvanian Pool at a true vertical depth of approximately 11,050 feet and within a 150-foot radius of an unorthodox subsurface location 1200 feet from the South line and 660 feet from the East line of Section 30, Township 16 South, Range 37 East, the E/2 SE/4 of said Section 30 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said well is approximately 5.5 miles southeast of Lovington, New Mexico.

CASE 9391: (Continued from May 25, 1988, Examiner Hearing)

Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for the Northeast Lovington-Pennsylvanian Pool, to be dedicated to a well to be drilled at a standard oil well location in the NE/4 SE/4 (Unit I) of said Section 7. 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 approximately 4 miles east by south of the junction of U.S. Highway 82 and New Mexico State 18 in Lovington, New Mexico.

CASE 9392: (Continued from May 25, 1988, Examiner Hearing)

Application of Foran Oil Company for compulsory pooling and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Morrow formation or to a depth of 13,000 feet, whichever is deeper, underlying the SE/4, E/2 SW/4, and Lots 3 and 4 of Section 30, Township 21 South, Range 35 East, forming a 312.05-acre, more or less, non-standard gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing, and the SE/4 of said Section 30 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 160-acre gas well spacing, both aforementioned units 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 area is approximately 2.5 miles south of the junction of New Mexico State Road 176 and County Road 32.

CASE 9375: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, reclassifying, 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 Devonian production and designated as the Vada-Devonian Pool. Further, assign approximately 63,160 barrels of discovery allowable to the discovery well, the Union Pacific Resources Company State 26 Well No. 1 located in Unit N of Section 26, Township 10 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM  
Section 26: SW/4

(b) RECLASSIFY the Fowler-Upper Silurian Oil Pool in Lea County, New Mexico, to the Fowler-Upper Silurian Gas Pool as the only two wells producing from this pool are gas wells.

(c) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 34: W/2  
Section 35: N/2

(d) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 17: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 25: NE/4

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

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM  
Section 19: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM  
Section 11: SE/4  
Section 14: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 25: S/2  
Section 36: NW/4

(i) EXTEND the Lovington-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 33: SE/4  
Section 34: SW/4

(j) EXTEND the West Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 31: NW/4

(k) EXTEND the North Lusk-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 4: NE/4

(l) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 26: NW/4

- (m) EXTEND the Sammal-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 11: W/2

- (n) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 20: NW/4

- (o) EXTEND the West Teas Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM  
Section 9: SE/4

- (p) EXTEND the West Tonto Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 13: NW/4

- (q) EXTEND the Tubb Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 17: NW/4

- (r) EXTEND the North Vacuum Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 16: W/2

- (s) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM  
Section 6: Lots 11, 12, 13, and 14

- (t) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 25: SW/4  
Section 36: NW/4

- (u) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 18: NE/4

CASE 9411: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, 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 Southeast Buffalo-Bone Spring Pool. The discovery well is the Sun Exploration and Production Company Buffalo Fed Well No. 1 located in Unit B of Section 11, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 11: NE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Ellenburger production and designated as the North Teague-Ellenburger Pool. Further, assign approximately 50,820 barrels of discovery allowable to the discovery well, the Texaco Producing, Inc. B. F. Harrison Well No. 1 located in Unit C of Section 9, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
Section 9: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the West Tulk-Pennsylvanian Pool. The discovery well is the BTA Oil Producers Tulk 8801-JV-P Well No. 1 located in Unit O of Section 20, Township 14 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM  
Section 20: SE/4

- (d) EXTEND the Air Strip-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMFM  
Section 34: E/2  
Section 35: NW/4

- (e) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMFM  
Section 11: NE/4

- (f) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMFM  
Section 8: SW/4

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

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMFM  
Section 16: NE/4

- (h) EXTEND the Hardy Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMFM  
Section 3: Lots 9, 10, 15 and 16

- (i) EXTEND the Lane-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMFM  
Section 35: N/2 and SE/4

- (j) EXTEND the Moore-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMFM  
Section 14: SE/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMFM  
Section 35: SE/4

- (l) EXTEND the Skaggs-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMFM  
Section 2: SE/4  
Section 11: NE/4

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Docket No. 18-88

DOCKET: COMMISSION HEARING - MONDAY - JUNE 13, 1988

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO

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CASES 7980, 8946, 8950 AND 9111: (Reopened) See Attached Statement of Hearing.

CASE 9412: Application of Mesa Grande, Ltd. for consideration of the horizontal boundaries of the West Puerto Chiquito-Mancos Oil Pool and the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico.

STATEMENT OF HEARING  
PROCEDURES FOR CASES 7980, 8946, 8950 and 9111 (RE-OPENED)  
and 9412

I. Incorporation of prior relevant hearings before the Commission:

The Commission states that the transcripts and exhibits from the following cases will be incorporated into the hearing record in the subject cases:

- (a) Case 8946 (Order R-7407-D) heard August 7, 8, 21, 22, and 27, 1986;
- (b) Case 8950 (Order R-6469-C) heard August 7, 8, 21, 22, and 27, 1986;
- (c) Case 8946 (Order R-7407-E) heard March 30, 31 and April 1, 2, 3, 1987;
- (d) Case 8950 (Order R-6469-D) heard March 30, 31 and April 1, 2, 3, 1987;
- (e) Case 9111 (Order Pending) heard March 17 and 18, 1988; and
- (f) Case 9412.

II. Geological evidence, witnesses and analysis:

It is stated that:

- (a) Because of the incorporation of the prior records including the geological evidence, presentation of redundant, cumulative or repetitive geologic testimony, exhibits or evidence will not be permitted; and
- (b) Any engineering or geological witness may incorporate and utilize any of the existing geologic exhibit data and interpretation already in the records of the cases set forth in Paragraph I above. New interpretations based upon new geologic and engineering data are permitted.

### III. Issues for Hearing:

The Commission states that the following constitute the only issues to be considered by the Commission at the hearing:

1. The current maximum producing allowable for each pool is 800 barrels of oil per day per 640 acres, limited however, by a gas-oil ratio of not more than 600 cubic feet of gas per barrel of oil. The Commission will consider at the hearing the following:
  - (a) Whether the current oil allowable for each pool should be increased or decreased and if so, to what rate and why; and
  - (b) Whether the current gas-oil ratio limitation should be increased or decreased and if so, to what rate and why.
2. All parties should be prepared to declare and support what is the most efficient rate of production for the subject Mancos Oil Pool(s) and whether these pools are rate sensitive.
3. An analysis and interpretation of the results of the June 27, 1987 - February 19, 1988 production and BHP testing and how the results effect other issues under consideration.
4. A determination of whether there is migration between the Gavilan and West Puerto Chiquito Mancos Pools; whether the horizontal boundaries of the pool are appropriate; and whether correlative rights are being violated?
5. Whether pressure maintenance would be economical and prevent waste in the Gavilan field.

### IV. Issues not for Hearing:

It is stated that:

1. The Commission will not hear any issue not set forth in III above.
2. The Commission will not address the issue of modification of the existing 640-acre spacing for either pool.
3. The Commission will not consider a modification of the vertical boundaries of either pool.

V. Proposed schedule of proceedings:

It is stated that the proceedings shall be organized as follows:

1. That the parties shall be aligned so that all parties seeking to increase the allowables or GOR rates shall be identified as the proponents and those parties supporting an allowable based upon current rates, or lower rates, shall be identified as opponents.
2. The time shall be divided equally between both groups so that the direct and cross examination by the opponents approximately equals the time used by the proponents for direct and cross examination.
3. Brief position papers and witness lists will be sent by proponents and opponents to the OCD and each other outlining their major arguments by June 7, 1988. Exhibits will be exchanged Monday Morning, June 13, 1988 at 9:00 a.m.
4. The order of proceedings shall be:

Monday A.M.      Presentation by Oil Conservation  
Commission and Commissioner of  
Public Lands of expert witnesses  
and cross examination.

Monday P.M.      Proponents present direct case  
through            subject to cross examination.  
Tuesday A.M.

Tuesday P.M.      Opponents present direct case  
through            subject to cross examination  
Wednesday A.M.

Wednesday P.M.   Rebuttal by Proponents

Thursday A.M.      Rebuttal by Opponents

Thursday A.M.      Surrebuttal by Proponents

(Note: Monday P.M. through Thursday A.M. - 3 days -  
can be allocated 1 1/2 days each with each  
side dividing up their time according to  
their preference.)

Thursday P.M.      Recall of witnesses by Oil  
Conservation Commission

Friday A.M.        Closing arguments and statements.

Dockets Nos. 17-88 and 18-88 are tentatively set for June 8 and 22, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 25, 1988

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:

CASE 9379: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Division Order No. R-6469-B, by deleting the restriction of the special rules for the West Puerto Chiquito-Marcons Oil Pool, Rio Arriba County, New Mexico, to within the limits of the pool boundary. Said pool is a vast area located north of Lindrith, New Mexico.

CASE 9380: Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Fork Unit Area comprising 20,775.02 acres, more or less, of State, Federal and Fee lands in portions of Townships 4 and 5 South, Ranges 21 and 22 East. The center of said acreage is approximately 3 1/4 miles west of the intersection of U.S. Highway No. 285 and State Highway No. 20.

CASE 9381: Application of McKay Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Camp State Unit Area comprising 5,453.34 acres, more or less, of State, Federal and Fee lands in portions of Township 5 South, Ranges 22 and 23 East. The unit area is located astraddle U.S. Highway No. 285 between the store and garage at Mesa, New Mexico, and the State-maintained Rest Stop three miles north of Mesa, New Mexico; being approximately 28 miles north of the town of Roswell, New Mexico.

CASE 9382: Application of TXO Production Corp. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Phiester State Unit Area comprising 320 acres, more or less, of State lands in the E/2 of Section 36, Township 11 South, Range 37 East. Said unit is located approximately 4.5 miles north of U.S. Highway 380 on County Road 168.

CASE 9383: Application of TXO Production Corp. for directional drilling and unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the plugged and abandoned Skelton Oil Company Phillips State Well No. 1 located 2310 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 11 South, Range 37 East, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted locations (both of which are unorthodox):

1. In the Wolfcamp formation - 2570 feet from the North line and 1604 feet from the East line of said Section 36; and,
2. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36;

both zones to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit. IN THE ALTERNATIVE, should re-entry into the aforementioned well be found impracticable, the applicant seeks authority to re-enter the temporarily abandoned Apache Corporation Heyco "36" State Well No. 1 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 36, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted locations (both of which are unorthodox):

1. In the Wolfcamp formation - 1890 feet from the North line and 1289 feet from the East line of said Section 36 to be dedicated to the SE/4 NE/4 (Unit H) of said Section 36 forming a standard 40-acre oil spacing and proration unit; and,
2. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36 to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit.

Said unit is located approximately 4.5 miles north of U.S. Highway 380 on County Road 168.

CASE 9384: Application of Yates Petroleum Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 9 South, Range 26 East, to test all formations to the base of the Ordovician formations, the S/2 of said Section 26 to be dedicated to said well 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. Said location is approximately 8 miles southeast by east of the Pecos River Bridge on U.S. Highway 70.



CASE 9359: (Continued from April 27, 1988, Examiner Hearing)

Application of Dugan Production Corporation for a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool as promulgated by Division Order No. R-7471, as amended, to form a 160-acre non-standard oil spacing and proration unit for said pool comprising the NW/4 of Section 25, Township 21 North, Range 4 West, to be dedicated to the existing Husky Federal Well No. 2 located at a standard location 990 feet from the North and West lines (Unit D) of said Section 25. Said well is located approximately 3.25 miles south of Milepost 75 on New Mexico Highway No. 44.

CASE 9369: (Readvertised)

Application of Hixon Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 36, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Tapacitos Well No. 4 located at an unorthodox oil well location within the buffer zone as prescribed by Rule 2(b) of R-7407-E 1100 feet from the South line and 1600 feet from the East line (Unit O) of said Section 36 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and to which the E/2 of said Section 36 is presently dedicated. Also to be considered will be the adoption of guidelines for participation in said well and the designation of applicant as operator of the well. Said unit is located approximately 3.5 miles southwest by south of Gavilan, New Mexico.

CASE 9377: (Continued from May 11, 1988, Examiner Hearing)

Application of Hixon Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all overriding royalty interests in the Gavilan-Mancos Oil Pool underlying all of Section 25, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Tapacitos Well No. 2 located at a previously approved unorthodox location (NSL-1404) 1545 feet from the South line and 790 feet from the West line (Unit L) of said Section 25 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and in which the S/2 of said Section 25 is presently dedicated. Said well is located approximately 4.5 miles north-northwest of Gavilan, New Mexico.

CASE 9385: Application of Blackwood & Nichols Co., Ltd. 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 Ojo Alamo or Kirtland formation in the perforated interval from approximately 2422 feet to 2531 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West. Said well is approximately 8 miles north-northeast of the Navajo Lake Dam.

CASE 9373: (Continued from May 11, 1988, Examiner Hearing)

Application of Texaco Producing 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 Brushy Draw-Delaware Pool in the perforated interval from approximately 5417 feet to 6170 feet in its Salt Mountain "36" State Well No. 1 located 660 feet from the North and West lines (Unit D) of Section 36, Township 26 South, Range 29 East, which is located approximately 2.25 miles east by north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 9386: Application of Standard Oil Production Company for an unorthodox oil well location and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to directionally drill from a surface location 1300 feet from the North line and 1060 feet from the East line of Section 36, Township 16 South, Range 37 East, to a non-standard bottomhole location in the Undesignated Casey-Strawn Pool within 150 feet of a target point of 1090 feet from the North line and 1180 feet from the East line (Unit A) of said Section 36. The N/2 NE/4 of said Section 36 is to be dedicated to the well forming a standard 80-acre proration and spacing unit for said pool. This unit is located approximately 6 miles north by east of Humble City, New Mexico.

CASE 9350: (Continued from May 11, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9376: (Continued from May 11, 1988, Examiner Hearing)

Application of Nearburg Producing Company to amend Division Order No. R-8605 and the assignment of an oil allowable retroactive to April 1, 1988, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8605, dated March 8, 1988, by changing the non-standard oil proration unit to include Lots 3 and 4 of Section 19, Township 16 South, Range 37 East, to be dedicated to its Soledad "19M" Well No. 1 located at an unorthodox location 1000 feet from the South and West lines of said Section 19 thereby forming a non-standard oil spacing and proration unit consisting of 100.81 acres. Applicant also seeks the assignment of an oil allowable for said well to be made retroactive to April 1, 1988 based on the new acreage factor. Said well is located approximately 4.25 miles southeast of Lovington, New Mexico.

CASE 9353: (Continued from April 27, 1988, Examiner Hearing)

Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9366: (Readvertised)

Application of Exxon Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 990 feet from the South line and 330 feet from the East line (Unit P) of Section 9, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, the S/2 SE/4 of said Section 9 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 3.8 miles northwest by north of Humble City, New Mexico.

CASE 9387: Application of Exxon Corporation for an unorthodox gas well location, downhole commingling, hydrocarbon storage authority, and relief from the reporting requirements of Division General Rule 1131, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Happy Valley-Morrow Gas Pool with the Undesignated Northeast Sheep Draw-Strawn Gas Pool in the wellbore of its Happy Valley "B" Federal Com Well No. 1 located at a previously approved unorthodox gas well location for the Morrow zone (NSL-2152) 1471 feet from the South line and 1908 feet from the West line (Unit K) of Section 28, Township 22 South, Range 26 East. Applicant further requests approval to utilize the Strawn zone in said well for storage of gas from the Morrow zone and an exemption from the reporting requirements of Division General Rule 1131. Said well is located approximately 1 mile northwest by west of the Carlsbad City Dump.

CASE 9362: (Continued from April 27, 1988, Examiner Hearing)

Application of Meridian Oil Inc. for the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool and the concomitant contraction of the Mount Nebo-Fruitland Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool to include any and all coal zones of the Fruitland formation, from approximately 2,579 feet to 2,878 feet, in Sections 3 through 6, Township 31 North, Range 10 West, and Sections 19 through 22 and 27 through 34, Township 37 North, Range 10 West. Applicant also seeks the concomitant contraction of said zones from the Mount Nebo-Fruitland Pool. Said area consists of 16 square miles in the form of a square centered approximately 5.5 miles east by north of Cedar Hill, New Mexico.

CASE 9388: Application of Curtis J. Little Oil and Gas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of approximately 8,300 feet underlying the SE/4 of Section 1, Township 25 North, Range 3 West, to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 160-acre spacing 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 one quarter mile south of the Ojito Post Office.

CASE 9389: Application of Robert N. Enfield 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 Devonian formation underlying the NW/4 of Section 29, Township 7 South, Range 31 East, 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 limits or the W/2 of said Section 29 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 limits, both aforementioned units to be dedicated to its E. McCombs Well No. 1 drilled at an unorthodox gas well location (for a 320-acre dedication) 1650 feet from the North line and 990 feet from the West line (Unit E) of said Section 29. 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 units are located approximately 11 miles south by west of Kenna, New Mexico.

CASE 9390: Application of Robert N. Enfield for pool creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Devonian formation comprising the W/2 of Section 29, Township 7 South, Range 31 East, and for the promulgation of special rules and regulations for said pool including a provision for 160-acre spacing and proration units and designated well locations. Said area is located approximately 11 miles south by west of Kenna, New Mexico.

CASE 9391: Application of Foran Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for the Northeast Lovington-Pennsylvanian Pool, to be dedicated to a well to be drilled at a standard oil well location in the NE/4 SE/4 (Unit I) of said Section 7. 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 approximately 4 miles east by south of the junction of U.S. Highway 82 and New Mexico State 18 in Lovington, New Mexico.

CASE 9392: Application of Foran Oil Company for compulsory pooling and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Morrow formation or to a depth of 13,000 feet, whichever is deeper, underlying the SE/4, E/2 SW/4, and Lots 3 and 4 of Section 30, Township 21 South, Range 35 East, forming a 312.05-acre, more or less, non-standard gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing, and the SE/4 of said Section 30 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 160-acre gas well spacing, both aforementioned units 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 area is approximately 2.5 miles south of the junction of New Mexico State Road 176 and County Road 32.

CASE 9393: Application of Tenneco Oil Company for exceptions to Rule 2(b) of the special rules governing the Blanco-Mesaverde Pool, infill well findings, and five unorthodox gas well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2(b) of the special rules and regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced within 16 certain proration units, each well to be drilled within the quarter section that contains the original well in the unit, five of which are unorthodox (as listed below), and for an effective and efficient finding on each well, pursuant to F.E.R.C. Rule 271.305.

1. 1720' FSL & 1610' FWL, Section 28, T30N, R8W
2. 1620' FSL & 1005' FWL, Section 27, T30N, R8W
3. 300' FNL & 1230' FEL, Section 27, T30N, R8W
4. 2160' FNL & 395' FEL, Section 3, T31N, R11W
5. 1125' FNL & 1828' FEL, Section 27, T29N, R8W

CASE 9394: 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 and Eddy Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Sulphate Draw-Wolfcamp Gas Pool. The discovery well is the Enron Oil and Gas Harkey 35 State Well No. 1 located in Unit J of Section 35, Township 24 South, Range 27 East, NMFM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMFM  
Section 35: E/2

(b) EXTEND the East Avalon-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMFM  
Section 11: NW/4

(c) EXTEND the Benson-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMFM  
Section 11: SE/4

(d) EXTEND the Benson-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMFM  
Section 4: E/2

- (e) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM  
Section 33: S/2

- (f) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 25: W/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 30: NE/4

- (g) EXTEND the Diablo-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 21: S/2 NE/4 and NW/4 NE/4

- (h) EXTEND the Floor Ranch-PrePermian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM  
Section 11: W/2

- (i) EXTEND the North Floor Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM  
Section 31: S/2

- (j) EXTEND the South Palma Mesa-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM  
Section 27: S/2  
Section 28: S/2  
Section 34: N/2

- (k) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 22 EAST, NMPM  
Section 30: SE/4

- (l) EXTEND the Santo Nino-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 30: W/2 NE/4

- (m) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 6: SE/4  
Section 18: N/2

- (n) EXTEND the Red Lake Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 15: S/2