

Dockets Nos. 29-88 and 30-88 are tentatively set for September 28 and October 12, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 14, 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 October, 1988, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1988, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9477: Application of Murphy Operating Corporation for a unit agreement, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Haley Chaveroo San Andres Unit Area comprising 1,840.70 acres, more or less, of State lands underlying all of Sections 33 and 34 of Township 7 South, Range 33 East, and portions of Section 3 of Township 8 South, Range 33 East. This area is located on the Chaves and Roosevelt County lines and approximately 13 miles west of Milnesand, New Mexico.

CASE 9478: Application of Murphy Operating Corporation for a waterflood project, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its proposed Haley Chaveroo San Andres Unit Area (Division Case No. 9477) located in portions of Townships 7 and 8 South, Range 33 East, by the injection of water into the Chaveroo-San Andres Pool through 23 wells within the Unit Area which is located approximately 13 miles west of Milnesand, New Mexico.

CASE 9479: Application of TXO Production Corp. for compulsory pooling and an 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 Atoka formation underlying either the SE/4 SE/4 of Section 13, Township 17 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for all formations within said vertical limits spaced on statewide 40-acre spacing, or the E/2 SE/4 of said Section 13 to form a standard 80-acre oil spacing and proration unit within the Undesignated South Humble City-Strawn and Undesignated Humble City-Atoka Pools, both aforementioned units to be dedicated to a well to be drilled at an unorthodox oil well location 1310 feet from the South line and 660 feet from the East line (Unit P) of said Section 13 (see Division Case 9455). 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 3.5 miles north-northeast of Humble City, New Mexico.

CASE 9455: (Continued from August 31, 1988, Examiner Hearing.)

Application of TXO Production 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 1310 feet from the South line and 660 feet from the East line (Unit P) of Section 13, Township 17 South, Range 37 East, to test all formations from the surface to the base of the Atoka formation, the E/2 SE/4 of said Section 13 to be dedicated to said well, forming a standard 80-acre oil spacing and proration unit for the Undesignated South Humble City-Strawn and Undesignated Humble City-Atoka Pools or the SE/4 SE/4 of said Section 13 to be dedicated to said well if completed in any other formation and/or pool spaced on 40-acre spacing. Said location is approximately 2.5 miles north-northeast of Humble City, New Mexico.

CASE 9472: (Readvertised)

Application of Terra Resources, Inc. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to either the base of the Morrow formation or to a depth of 9300 feet, whichever is deeper, (which includes but is not necessarily limited to the Undesignated Dayton-Wolfcamp Gas Pool, Undesignated Boyd-Morrow Gas Pool, and Undesignated Atoka-Pennsylvanian Gas Pool) underlying Lots 1 through 4 and the E/2 W/2 of Section 31, Township 18 South, Range 26 East, forming a standard 316-acre, more or less, gas spacing and proration unit, to be dedicated to a well to be drilled 1980 feet from the North line and 1617 feet from the West line (Unit F) of said Section 31, which is unorthodox for the Atoka-Pennsylvanian Gas Pool Rules. 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 6 miles northwest by north of Lakewood, New Mexico.

CASE 9480: Application of Santa Fe Energy Operating Partners, L.P., 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 Wolfcamp formation underlying the W/2 of Section 11, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which only includes the Undesignated East Carlsbad-Wolfcamp Gas Pool at this time). Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3/4 mile east of the Carlsbad Municipal Sewage Disposal Plant.

CASE 9433: (Continued from August 31, 1988, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 (Unit O) of Section 14, Township 18 South, Range 32 East, forming a standard statewide 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 8 miles south by east of Maljamar, New Mexico.

CASE 9481: Application of Robert N. Enfield for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2310 feet from the South line and 1650 feet from the West line (Unit K) of Section 29, Township 7 South, Range 31 East, Lone Wolf-Devonian Gas Pool, the SW/4 of said Section 29 to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool. Said location is approximately 11.75 miles S8° W of Kenna, New Mexico.

CASE 9482: Application of Robert N. Enfield for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the South line and 660 feet from the West line (Unit M) of Section 20, Township 7 South, Range 31 East, Undesignated Lone Wolf-Devonian Gas Pool, the SW/4 of said Section 20 to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool. Said location is approximately 11 miles S9° W from Kenna, New Mexico.

CASE 9483: Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its South Mattix Unit Well No. 15 located 660 feet from the North and East lines (Unit A) of Section 22, Township 24 South, Range 37 East, Fowler-Upper Silurian Gas Pool, the E/2 of said Section 22, forming a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to its South Mattix Unit Well No. 5 located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. The subject proration unit is located approximately 1.5 miles north of the old El Paso Natural Gas Company Jal Plant No. 2.

CASE 9484: 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 Shipp-Strawn Pool underlying the S/2 NE/4 of Section 2, Township 17 South, Range 37 East, to form a standard 80-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location in the SE/4 NE/4 (Unit H) of said Section 2. 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 4 miles north of Humble City, New Mexico.

CASE 9485: Application of Union Texas Petroleum 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 and West lines (Unit M) of Section 3, Township 24 South, Range 26 East, South Carlsbad-Morrow (Prorated) Gas Pool, Lots 3 and 4, the S/2 NW/4, and the SW/4 of said Section 3 to be dedicated to said well forming a standard 318.16-acre, more or less, gas spacing and proration unit for said pool. The subject unit is located approximately 3 miles northeast of the junction of U.S. Highway 62/180 and New Mexico State Highway No. 396.

CASE 9462: (Continued from August 17, 1988, Examiner Hearing.)

Application of El Paso Natural Gas Company for an unorthodox gas well location and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1190 feet from the North line and 690 feet from the East line (Unit B) of Section 13, Township 30 North, Range 6 West, La Jara-Fruitland Pool, Lots 1 and 2 and the W/2 NE/4 of said Section 13 to be dedicated to said well forming a 113.86-acre non-standard gas spacing and proration unit for said pool. Said location is approximately 11 miles east by north of the Navajo Reservoir Dam.

CASE 9463: (Continued from August 17, 1988, Examiner Hearing.)

Application of El Paso Natural Gas Company for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 113.69-acre spacing and proration unit comprising Lots 1 and 2 and the W/2 NE/4 of Section 12, Township 30 North, Range 6 West, La Jara-Fruitland Pool, to be drilled at a standard gas well location 1850 feet from the North line and 790 feet from the East line (Unit G) of said Section 12. Said location is approximately 11.5 miles east by north of the Navajo Reservoir Dam.

CASE 9464: (Continued from August 17, 1988, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1660 feet from the North line and 1320 feet from the West line (Unit F) of Section 18, Township 30 North, Range 8 West, Undesignated Blanco-Fruitland Pool, Lots 1 and 2 and the E/2 NW/4 of said Section 18 to be dedicated to said well, forming a non-standard 111.66-acre gas spacing and proration unit for said pool. Said location is approximately 6 miles west by north of the Navajo Reservoir Dam.

CASE 9473: (Continued from August 31, 1988, Examiner Hearing.)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 100.25-acre, more or less, non-standard gas spacing and proration unit for production from the Undesignated Blanco-Fruitland Pool comprising Lots 6 and 7 and the E/2 SW/4 of Section 6, Township 30 North, Range 9 West. Said unit is to be dedicated to a well to be drilled at a standard gas well location 1890 feet from the South line and 1043 feet from the West line (Unit K) of said Section 6, which is located approximately 9 miles east of Aztec, New Mexico.

CASE 9474: (Continued from August 31, 1988, Examiner Hearing.)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 100.55-acre, more or less, non-standard gas spacing and proration unit for Undesignated Blanco-Fruitland Pool production comprising Lots 3 and 4 and the E/2 SW/4 of Section 7, Township 30 North, Range 9 West. Said unit is to be dedicated to a well to be drilled at a standard gas well location 1595 feet from the South line and 855 feet from the West line (Unit K) of said Section 7, which is located approximately 9 miles east of Aztec, New Mexico.

CASE 9359: (Continued from July 6, 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 9458: (Continued from August 31, 1988, Examiner Hearing.)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bell Canyon, Cherry Canyon, and Brushy Canyon formations (Delaware Mountain Group) underlying the NW/4 SW/4 (Unit L) of Section 27, Township 26 South, Range 29 East, forming a standard statewide 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3/4 mile north of where the Pecos River crosses the Texas/New Mexico Stateline.

CASE 9486: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Filaree Dome-Delaware Pool. The discovery well is the Primary Fuels PFI Amoco 19 Federal Well No. 2 located in Unit K of Section 19, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 19: SW/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Lusk-Delaware Pool. The discovery well is the Siete Oil and Gas Corporation Nugget State Well No. 1 located in Unit A of Section 36, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 36: NE/4

(c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the Miller Lake-Abo Gas Pool. The discovery well is the MorOilCo, Inc. O'Brien Well No. 1 located in Unit C of Section 25, Township 7 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM
Section 25: NW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Pierce Crossing-Wolfcamp Pool. The discovery well is the Enron Oil and Gas Company Queen Lake 20 Federal Well No. 1 located in Unit E of Section 20, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 20: W/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Wooten Ranch-Atoka Gas Pool. The discovery well is the BTA Oil Producers 8710 JV-P Tank Well No. 1 located in Unit P of Section 33, Township 23 South, Range 24 East, NMPM. Said pool would comprise:

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

(f) ABOLISH the Buffalo Valley-Morrow Gas Pool in Chaves County, New Mexico, and extend the Buffalo Valley-Pennsylvanian Gas Pool to include said abolished acreage.

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 25: SE/4 and S/2 SW/4

(h) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 28: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 11: W/2
Section 14: N/2
Section 15: E/2

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 14: E/2
Section 25: N/2
Section 26: N/2

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 23: S/2
Section 25: N/2
Section 26: N/2

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

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM
Section 7: N/2

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

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 7: SE/4

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

TOWNSHIP 6 SOUTH, RANGE 22 EAST, NMPM
Section 17: SE/4

- (o) EXTEND the Rustler Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 4: W/2

- (p) EXTEND the Salt Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 36: E/2

- (q) EXTEND the South Sand Dunes-Lower Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 3: S/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 7: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 14: W/2

- (t) EXTEND the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: SW/4

Docket No. 28-88

DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 15, 1988

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

CASE 9396: (De Novo)

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 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. Upon application of BCO, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.