

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 13, 1996

8:15 A.M. - 2040 S. Pacheco
Santa Fe, New Mexico

Dockets Nos 18-96 and 19-96 are tentatively set for June 27, 1996 and July 11, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11544: Application of SDX Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying Lot 7 of Irregular Section 4, Township 21 South, Range 37, East forming a standard 40.4-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not limited to the North Eunice Blinberry-Tubb-Drinkard Pool. Said unit is to be dedicated to its Exxon Fee Well No. 1 to be drilled and completed at a standard well location in Lot 7 of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 miles north of Eunice, New Mexico.

CASE 11542: (Continued from May 30, 1996, Examiner Hearing.)

Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling certain mineral interests in the Blanco Mesaverde Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (the E/2 equivalent) of Section 23, Township 31 North, Range 9 West, forming a 313.63-acre gas spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is an "Infill Blanco-Mesaverde Well" to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

CASE 11545: Application of Penwell Energy, Inc., for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of the Wagon Wheel Exploratory Unit Agreement for an area comprising 5,040.00 acres of Federal and Fee lands in all or portions of Sections 10, 11, 14, 15, 21, 22, 23, 26, 27, 28, 33 and 34 of Township 22, South, Range 22 East, which is located approximately 20 miles West of Carlsbad, New Mexico.

CASE 11538: (Continued from May 30, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for surface commingling, Eddy and Lea Counties, New Mexico. Applicant seeks an exception to Division General Rule Nos. 303.A and 309.A. to permit surface commingling of Delaware and Morrow gas production from approximately forty-one wells located within the Livingston Ridge Area, located in Townships 21 and 22 South, Ranges 31 and 32 East. Applicant further seeks authority to allocate gas production to individual wells utilizing gas allocation meters and/or central delivery point meters located upstream of a central GPM gas sales meter located in the SW/4 NW/4 of Section 6, Township 22 South, Range 32 East. Said area is located approximately 8 miles south of the intersection on Highways 176 and 180, New Mexico.

CASE 11539: (Continued from May 30, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks approval to drill its Mimosa AHS Federal Well No. 3 at an unorthodox location 660 feet from the South line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East. The S/2 of said Section 4 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Upper Pennsylvanian (Canyon) and Morrow formations. Said unit is located approximately 14 miles south-southeast of Hope, New Mexico.

CASE 11521: (Continued from May 2, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 4, Township 18 South, Range 28 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Illinois Camp-Morrow Gas Pool. Said unit is to be dedicated to its Hummer State "4" Com Well No. 1 to be drilled and completed at a standard well location in Unit B of said Section 4. 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 located approximately 14 miles east-southeast of Artesia, New Mexico.

CASE 11546: Application of Nearburg Producing Company, L.L.C., for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to drill a well to the Strawn formation, Shipp-Strawn Pool, at an unorthodox well location 2310 feet from the South line and 660 feet from the East line of Section 36, Township 16 South, Range 37 East. The N/2 SE/4 of said Section 36 is to be dedicated to said well forming a standard 80-acre spacing and proration unit. Said unit is located approximately 8 miles east of Lovington, New Mexico.

CASE 11547: Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, in all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles west of Artesia, New Mexico.

CASE 11534: (Continued from May 30, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CASE 11533: (Continued from May 16, 1996, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 for all formations developed on 320-acre spacing, the NW/4 for all formations developed on 160-acre spacing, the S/2 NW/4 for all formations developed on 80-acre spacing, and the SW/4 NW/4 for all formations developed on 40-acre spacing, all in Section 4, Township 18 South, Range 28 East. Applicant proposes to dedicate this pooled unit to a well to be drilled at an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit E) of said Section 4 to test any and all formations from the surface to the base of the Morrow formation, Illinois Camp-Morrow Gas Pool. 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 located approximately 14 miles east-southeast of Artesia, New Mexico.

CASE 11548: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed State "B" Com Well No. 4 at an unorthodox gas well location 1650 feet from the North line and 660 feet from the West line (Unit E) of Section 33, Township 19 South, Range 25 East, to test the Cemetery-Morrow Gas Pool. The N/2 of said Section 33 is to be dedicated to the well, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 4 miles northwest of Seven Rivers, New Mexico.

CASE 11549: Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 23, Township 19 South, Range 28 East, and in the following manner: the S/2 of Section 23 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated South Millman-Atoka Gas Pool, the Undesignated Winchester-Morrow Gas Pool, the Undesignated North Winchester-Morrow Gas Pool, the Undesignated Winchester -Upper Pennsylvanian Gas Pool, the Undesignated Winchester-Strawn Gas Pool, and the Undesignated North Winchester-Wolfcamp Pool; the SW/4 of Section 23 to form a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing within said vertical extent, including the Undesignated Winchester-Wolfcamp Gas Pool; and the SE/4 SW/4 of Section 23 to form a standard 40-acre oil spacing and proration unit for any and all pools and/or formations developed on 40-acre spacing within said vertical extent, including the Undesignated Outpost-Delaware Pool, the Undesignated East Millman-Queen-Grayburg-San Andres Pool, the Undesignated Scanlon Draw-Queen Pool, and the Undesignated Winchester-Bone Spring Pool. Said units are to be dedicated to Applicant's Ten Bears "23" St. Well No. 1, to be drilled at an orthodox well location 990 feet from the South line and 1980 feet from the West line (Unit N) of the section. 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 miles southeast of Illinois Camp.

CASE 11499: (Continued from May 16, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Deanie Lou, American Manufacturer's Mutual Insurance Company, Surety, and all other interested parties to appear and show cause why the Ring Well No. 1 located in Unit C of Section 32, Township 6 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11515: (Continued from May 16, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator Woosley Oil Co., American Employers' Insurance Company, and all other interested parties to appear and show cause why the Santa Fe Energy Well No. 1 located in Unit P of Section 8, Township 19 North, Range 6 West; Santa Fe Energy Well No. 2 located in Unit A of Section 17, Township 19 North, Range 6 West; State Well No. 1 located in Unit D of Section 16, Township 19 North, Range 6 West; State Well No. 2 located in Unit C of Section 16, Township 19 North, Range 6 West; State Well No. 3 located in Unit A of Section 16, Township 19 North, Range 6 West; Ptasynski A Well No. 1 located in Unit I of Section 11, Township 19 North, Range 5 West; and Ptasynski A Well No. 2 located in Unit J of Section 11, Township 19 North, Range 5 West; all located in McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond. The center of the area encompassing said wells is located approximately 10 miles southeast of Chaco Canyon National Monument, New Mexico.

CASE 11516: (Continued from May 16, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, H & W Enterprises, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Mobil State Well No. 1, located in Unit H of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said well is located approximately 6 miles west-southwest of Maljamar, New Mexico.

CASE 11517: (Continued from May 16, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Mercury Production Company, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Constate Well No. 1, located in Unit D of Section 36, Township 16 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said well is located approximately 9 miles west-northwest of Maljamar, New Mexico.

CASE 11518: (Continued from April 18, 1996, Examiner Hearing.)

Application of Sunco Trucking Company for approval to modify its Rule 711-permitted surface waste disposal facility, San Juan County, New Mexico. Applicant seeks approval to modify its Rule 711-permitted surface waste disposal located in the SW/4 NW/4 of Section 2, Township 29 North, Range 12 West. Applicant requests approval to construct and operate a 5-acre centralized landfarm within the 40-acre facility currently permitted to dispose of produced waters. The landfarm will receive contaminated soils and sludges from the produced water disposal operation on the facility, which are classified as "non-hazardous" oil field waste by RCRA Subtitle C exemption or by characteristic testing, to be spread on the ground in six inch lifts or less and periodically stirred to enhance the biodegradation of the contaminants. Said facility is located approximately 7 miles east-northeast of Farmington, New Mexico.

CASE 11476: (Continued from May 30, 1996, Examiner Hearing.)

Application of Doyle Hartman and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator, for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East for all formations developed on 160-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 5 miles south-southeast of Jal, New Mexico.

CASE 11529: (Continued from May 30, 1996, Examiner Hearing.)

Application of Doyle Hartman and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator for (i) an amendment to Division Order No. R-5448, (ii) an acreage rededication, (iii) the formation of two non-standard gas proration units, (iv) an unorthodox gas well location, (v) compulsory pooling, and (vi) an order requiring Meridian Oil, Inc. to compensate applicant for certain revenues received by Meridian corresponding to the 320-acre non-standard gas proration unit previously approved by Division Order No. R-5448, Lea County, New Mexico. Applicant seeks to amend Division Order No. R-5448, dated June 8, 1977, which authorized the formation of a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 E/2 and E/2 W/2 of Section 7, Township 20 South, Range 37 East, and had dedicated thereon the Britt Well Nos. 3 and 12, located in Units "G" and "C", respectively, of said Section 7 (both wells are now operated by Meridian Oil, Inc.), by rededicating to said wells a 200-acre non-standard gas proration unit to comprise the W/2 NE/4, E/2 NW/4, and NE/4 SW/4 of said Section 7 and the formation of a 120-acre non-standard gas proration unit to comprise the SE/4 SW/4 and W/2 SE/4 of said Section 7. The applicant further seeks an order pooling all mineral interests within said Eumont Gas Pool underlying the proposed 120-acre non-standard gas spacing and proration unit, which is to be dedicated to a well to be drilled and completed at an orthodox location within said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and unit and a charge for risk involved in drilling and completing said well. Further, the applicant seeks an order from the Division directing Meridian Oil, Inc. to compensate Doyle Hartman, Oil Operator its proportional share of revenues, for the period September 1, 1991 to the present, corresponding to the 320-acre non-standard unit previously approved under Order No. R-5448. Said 320-acre tract is located approximately 3 miles south southwest of Monument, New Mexico.

CASE 11550: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order extending certain existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM
Section 16: N/2

- (b) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Section 7: W/2
Section 18: W/2
Sections 19 through 21: All
Section 29: All
Section 30: E/2

- (c) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
Section 7: SW/4

- (d) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 12: W/2
Section 14: E/2
Section 23: E/2

- (e) EXTEND the La Jara-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 7 WEST, NMPM
Section 21: SW/4
Section 28: W/2 and SE/4
Section 33: NE/4

- (f) EXTEND the Largo-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Section 31: SE/4

Section 32: S/2

Section 33: S/2

- (g) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Section 31: E/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 20, 1996

9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 11551: Application of the Oil Conservation Division to amend Division Rule 1115 to require electronic filing of Form C-115, "Operator's Monthly Report". Applicant seeks: (i) to amend Division Rule 1115 to require the electronic filing of form C-115, "Operator's Monthly Report"; (ii) to provide for a penalty for failure to file electronically; (iii) to establish guidelines for electronic filing; (iv) to provide an exemption from electronic filing for small operators and for economic or other hardship; and (v) provide for a phase-in period for the new electronic filing requirement. The proposed new language in Rule 1115.B. (1) is as follows:

- (1) The C-115 report shall be filed in an electronic ONGARD-compatible form unless an exemption for just cause is obtained. Failure to timely file the C-115 report in such form or failure to correct such form within 30 days after an error message is received shall result in cancellation of the Form C-104 allowable for the affected well(s) and/or cancellation of authority to inject.

NO EVIDENCE OR TESTIMONY WILL BE TAKEN AT THE JUNE OR JULY 1996 COMMISSION HEARINGS. THIS APPLICATION IS ADVERTISED AT THIS TIME IN ORDER TO GIVE INDUSTRY NOTICE OF THE PROPOSED RULE CHANGE. THE HEARING ON THIS MATTER IS SCHEDULED TO BE HELD AT THE AUGUST 1996 COMMISSION HEARING AT WHICH TIME EVIDENCE AND TESTIMONY WILL BE TAKEN.

CASE 10907: (Continued from February 15, 1996, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division to amend Rules 1111, 1112 and 1115 of its General Rules and Regulations. The Oil Conservation Division seeks to amend its General Rules and Regulations to provide for the filing of Forms C-111, C-112, and C-115, respectively, on the last business day of the month following the month of production and to provide for the imposition of penalties for failure to file timely and accurate reports.

AWAITING FINAL COMMISSION ACTION – NO EVIDENCE OR TESTIMONY WILL BE TAKEN.

CASE 11358: Application of Nearburg Exploration Company/Nearburg Producing Company to terminate injection operations into two certain disposal wells by rescinding Division Administrative Order SWD-336 and Division Order No. R-7637, Eddy County, New Mexico. Applicant, in the above-styled cause, as operator of the Ross Ranch "22" well No. 2 (API No. 30-015-27458), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 22, Township 19 South, Range 25 East, North Dagger Draw-Upper Pennsylvanian Pool, seeks an order from the Division rescinding: (1) Administrative Order SWD-336, dated March 3, 1988, which order permitted Yates Petroleum Corporation to utilize its Osage Well No. 1 (API No. 30-015-20890), located 1980 feet from the North and East lines (Unit G) of Section 21, Township 19 South, Range 25 East, as a salt water disposal well into the Canyon formation; and, (2) Order No. R-7637, dated August 23, 1984, which order authorized Anadarko Petroleum Corporation to dispose of produced salt water into the Cisco/Canyon formations through its Dagger Draw SWD Well No. 1, (API No. 30-015-25003), located 1495 feet from the North line and 225 feet from the West line (Unit E) of said Section 22. The 160 acres comprising the NW/4 of said Section 22, in which the Ross Ranch "22" Well No. 2 is therein dedicated, is located approximately 4 miles southwest by west of Seven Rivers, New Mexico.

CASE 11391: In the matter of the hearing called by the Oil Conservation Commission to enact a new rule establishing radiation protection standards for the disposal and transfer for disposal of naturally occurring radioactive materials (NORM) associated with the oil and gas industry, and which are not subject to regulation under the Atomic Energy Act of 1954, as amended.