



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

**MEMORANDUM**

**To:** Oil and Gas Operators

**From:** William J. LeMay, Director *WJL*  
Oil Conservation Division

**Date:** December 31, 1997

**Subject:** 1998 OCC Hearing Dates

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Below are scheduled commission hearing dates for 1998:

January - There will be no hearing  
February 26, 1998  
March 12, 1998  
April 9, 1998  
May 7, 1998  
June 18, 1998

I will be retiring as Director of the Oil Conservation Division effective the end of this year (today). I will be continuing on the Commission as the designee of the Secretary of the Energy, Minerals and Natural Resources Department. Other commission members are the Director of the Oil Conservation Division and the designee of the Commissioner of Public Lands. I want to personally thank all of you who have made my job so rewarding over these past eleven years.

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**MEMORANDUM**

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**TO:** Attorneys, Operators, and All Interested Parties

**FROM:** Michael E. Stogner, Chief Hearing Officer/Engineer *MS*

**SUBJECT:** 1998 Examiner Hearing Schedule

**DATE:** December 31, 1997

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January 8th  
January 22nd  
February 5th  
February 19th  
March 5th  
March 19th  
April 2nd  
April 16th  
April 30th  
May 14th  
May 28th  
June 11th  
June 25th  
July 9th  
July 23rd  
August 6th  
August 20th  
September 3rd  
September 17th  
October 8th  
October 22nd  
November 5th  
November 19th  
December 3rd  
December 17th  
January 7, 1999  
January 21, 1999

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**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 22, 1998****8:15 AM - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos 3-98 and 4-98 are tentatively set for February 5, 1998 and February 19, 1998. 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 11908:** **Application of Marathon Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 3,500 feet (the approximate base of the San Andres formation) to 11,152 feet (the approximate base of the Morrow formation) underlying the N/2 of Section 34, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the North Turkey Track-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 34 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the NE/4 NW/4 of said Section 34. Said units are to be dedicated to its Burns "34" State Well No. 1 to be drilled and completed at a standard gas well location in Unit C of said Section 34. Also to be considered will be the costs 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 units are located approximately 13 miles southwest of Loco Hills, New Mexico.

**CASE 11909:** **Application of Marathon Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 5,000 feet to 11,152 feet (the approximate base of the Morrow formation) underlying the S/2 of Section 22, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the North Turkey Track-Morrow Gas Pool and the North Illinois Camp-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 22 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the SW/4 SE/4 of said Section 22 for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its Garvin "22" State Well No. 1 to be drilled and completed at a standard gas well location in Unit O of said Section 34. Also to be considered will be the costs 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 units are located approximately 12 miles southwest of Loco Hills, New Mexico.

**CASE 11896:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of OXY USA, 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 area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations an/or pools developed on 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. 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 the risk involved in drilling said well. Said area is located approximately 6 miles east of Artesia, New Mexico.

**CASE 11900:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico.** Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

**CASE 11885:** (Continued from December 18, 1997, Examiner Hearing - This Case Will Be Dismissed.)

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation, for all formations developed on 320-acre spacing in the N/2, all formations developed on 160-acre spacing in the NW/4 including the South Salt Lake Morrow Gas Pool and all formations developed on 40-acre spacing in the NE/4 NW/4 of Section 34, Township 20 South, Range 33 East. Said unit is to be dedicated to its Tomahawk "34" Federal Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the West line of said Section 34 to test all formations from the surface to the base of the Morrow formation. 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 5 miles southeast of Halfway, New Mexico.

**CASE 11910:** **Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the S/2 NE/4, and in all formations developed on 40-acre spacing in the SW/4 NE/4 of Section 13, Township 19 South, Range 25 East. Said units are to be dedicated to its Lakewood Farms "13" Well No. 1 to be drilled in the Undesignated North Dagger Draw-Upper Pennsylvanian Pool at a standard location 1650 feet from the North and East lines (Unit G) of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 3 miles northwest of Lakewood, New Mexico.

**CASE 11906:** (Continued from January 8, 1998, Examiner Hearing.)

**Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to applicant's S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

**CASE 11911:** **Application of Pogo Producing Company for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the Longbow Unit Agreement, an exploratory unit comprising 1120 acres, more or less, of federal and fee land in Sections 25, 35, and 36, Township 21 South, Range 32 East. Said unit area is centered approximately 10 miles southeast of the intersection of State Highway 176 and U.S. Highway 62 & 180.

**CASE 11912:** **Application of Maralo, Inc. for an unorthodox oil well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Gold Rush "30" Federal Well No. 8 at an unorthodox oil well location 2310 feet from the South line and 2600 feet from the East line (Unit J) of Section 30, Township 23 South, Range 30 East, to the base of the Delaware formation, said location being unorthodox for all oil producing formations and/or pools, and if productive to be dedicated to a standard 40-acre oil spacing and proration unit comprised of the NW/4 SE/4 of Section 30. Said unit is located approximately 10.5 miles east of Loving, New Mexico.

**CASE 11887:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 the risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

**CASE 11869:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Charles B. Gillespie, Jr. for compulsory pooling and a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 17 and 18 of Section 6, Township 16 South, Range 36 East, to form a non-standard 73.12-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within said vertical extent, including the Undesignated Northeast Shoe Bar-Strawn Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location 990 feet from the South line and 874 feet from the West line (Unit M) of Section 6. 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 miles west of Lovington, New Mexico.

**CASE 11913:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval to drill its Jacque "AQJ" State Well No. 1 at a point located 330 feet from the South line and 330 feet from the West line (Unit M) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11914:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval to drill its Jacque "AQJ" State Well No. 2 at a point located 1650 feet from the South line and 330 feet from the West line (Unit L) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11915:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval drill its Jacque "AQJ" State Well No. 3 at a point located 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11916:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval to drill its Jacque "AQJ" State Well No. 4 at a point located 990 feet from the North line and 330 feet from the West line (Unit D) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11013:** (Continued from December 18, 1997, Examiner Hearing. Readvertised and Reopened by the Division for a Show Cause Hearing)

**Application of Baber Well Servicing Company and/or Pronghorn Management Corporation for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks approval for its New Mexico "BZ" State NCT-5 Well No. 5 (API No. 30-025-32362), drilled at an unorthodox oil well location 40 feet from the North line and 750 feet from the West line (Unit D) of Section 29, Township 21 South, Range 35 East, as an infill well on an existing 40-acre standard oil spacing and proration unit in the North San Simon-Yates Associated Pool comprising the NW/4 NW/4 of said Section 29, which is dedicated to the Pronghorn Management Corporation New Mexico "BZ" State NCT-5 Well No. 1 (API No. 30-025-03521), located at a standard oil well location 660 feet from the North and East lines (Unit D) of said Section 29. Said 40-acre unit is located approximately 8.5 miles west-southwest of Oil Center, New Mexico. **FURTHER, the operator of said 40-acre unit shall appear and show cause why:** (i) the New Mexico "BZ" State NCT-5 Well No. 5 should not be plugged and abandoned; (ii) it commenced producing said well without proper authorization; (iii) the offset interests' correlative rights were not violated by the past production; and (iv) a civil penalty should not be assessed or other restrictions imposed for any violations committed by the operator.

**CASE 11882:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Xeric Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 14, Township 20 South, Range 38 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, including but not necessarily limited to the D-K-Abo Pool. Said unit is to be dedicated to its Hall Well No. 1 to be drilled and completed at a standard well location in Unit P of said Section 14. Also to be considered will be the costs 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 10 miles southeast of Hobbs, New Mexico.

**CASE 11889:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 14, Township 20 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for all formations and/or pools spaced on 40 acres within said vertical extent, including but not limited to the Undesignated House-San Andres Pool, Undesignated South House-Blinberry Pool, Undesignated East Warren-Tubb Pool, Undesignated House-Drinkard Pool, and Undesignated D-K Abo Pool. Said unit is to be dedicated to applicant's Bull Durham Well No. 1, to be drilled at an orthodox oil well location 330 feet from the South line and 660 feet from the East line of said Section 14. Also to be considered will be the cost of drilling said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 9 miles south-southwest of Hobbs, New Mexico.

**CASE 11917:** **Application of Oil Conservation Division to order Paramount Petroleum, Inc. to plug 18 wells in San Juan County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Paramount Petroleum, Inc. and all other interested parties to appear and show cause why eighteen wells in Sections 19, 20, 29 and 34 (Units A, G, I, C, K and E in Section 29; Units K and M in Section 20; Units I and C in Section 19; and Units D, B, F, H, L, J, P and N in Section 34) Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order directing the operator to pay the costs of such plugging, declaring a forfeiture of the plugging bond, if any, covering said wells, and assessing fines on the operator if it fails to plug said wells. Said wells are located approximately 2 miles southwest and 3 miles south of Farmington, New Mexico.

**CASE 11918:** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Anderson-Wolfcamp Pool. The discovery well is the Mack Energy Corporation White Oak State Well No. 1 located in Unit P of Section 23, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

**TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM**

Section 23: E/2

Section 24: All

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Abo production and designated as the East Cedar Lake-Abo Pool. The discovery well is the Texaco Exploration & Production Inc. Skelly Unit Well No. 903 located in Unit P of Section 22, Township 17 South, Range 31 East, NMPM. Said pool would comprise:

**TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM**

Section 22: SE/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the East Dagger Draw-Strawn Gas Pool. The discovery well is the Nearburg Production Company Anderson Com Well No. 1 located in Unit B of Section 10, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

**TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM**

Section 10: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Southeast Hackberry-Morrow Gas Pool. The discovery well is the Bass Enterprises Production Company Big Eddy Unit Well No. 122 located in Unit F of Section 4, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

**TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM**

Section 4: N/2

- (e) EXTEND the Southeast Big Sinks-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM**

Section 10: E/2

Section 11: W/2

Section 14: NW/4

Section 15: NE/4

- (f) EXTEND the East Empire-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 22: S/2

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 10: All

Section 11: N/2

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 14: E/2

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 20: N/2

- (j) EXTEND the Loco Hills-Paddock Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 20: NE/4

Section 21: NW/4

- (k) EXTEND the West Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 3: NW/4

Section 4: NE/4

- (l) EXTEND the East Millman-Yates-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 24: SE/4, S/2 NE/4, and NE/4 NE/4

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 32: All

- (n) EXTEND the Northwest Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 13: W/2

- (o) EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 27: All

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 17: N/2

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