

Dockets Nos. 36-87 and 37-87 are tentatively set for December 2, and December 16, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 18, 1987

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:

CASE 9179: (Continued from November 4, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);

Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);

Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and

Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.3 to 3 miles south of Buckeye, New Mexico.

CASE 9247: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Wind State Unit Area comprising 5,040 acres, more or less, of State and Fee lands in Township 9 South, Range 27 East. Said area is located approximately 7 miles south of the west end of Railroad Mountain.

CASE 9238: (Continued from November 4, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Sarmal-Queen and the Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Hoover "ADR" State Well No. 6 located 330 feet from the South line and 990 feet from the West line (Unit M) of Section 1, Township 17 South, Range 33 East. Said well is located approximately 8 miles south of Maljamar, New Mexico.

CASE 9239: (Continued from November 4, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Undesignated Sarmal-Queen and Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Billy "AFS" State Well No. 2 located 530 feet from the North line and 1750 feet from the West line (Unit C) of Section 12, Township 17 South, Range 33 East. Said well is located approximately 8 miles east of Maljamar, New Mexico.

CASE 8970: (Reopened)

In the matter of Case 8970 being reopened pursuant to the provisions of Division Order No. R-8330, which order established a limiting gas-oil ratio for the Sarmal-Queen Pool in Lea County of 5,000 cubic feet of gas per barrel of oil for a temporary period of one year. Interested parties may appear and show cause why the Sarmal-Queen Pool should not be governed by a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

CASE 9254: Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 13, Township 22 South, Range 32 East, to test the Wolfcamp, Strawn, Atoka, and Morrow formations, the N/2 of said Section 13 to be dedicated to the well. Said well is located approximately 19 miles south-southeast from the junction of U.S. 62/180 and N.M. 176.

- CASE 9255: Application of Pandall L. Capps 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 Wolfcamp formation underlying the NW/4 SW/4 (Unit 1) of Section 18, Township 12 South, Range 36 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to the Gary Bennett Pearl Western Well No. 1-Y located at a standard oil well location 1980 feet from the South line and 610 feet from the West line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of 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 1.5 miles north of N. M. Milepost 230 on U.S. Highway 380.
- CASE 9256: Application of Petroleum Corporation of New Mexico for non-standard oil proration units and two unorthodox oil well locations, Eddy County, N.M. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Irregular Section 36, Township 26 South, Range 30 East, each to be dedicated to wells to be drilled at unorthodox locations. The first unit comprises 40 acres, being all of Lot 4 (25.16 acres) and the eastern 3/5 of Lot 3 (14.86 acres) with a well to be located 489 feet from the South line and 1020 feet from the West line of the section. The second unit comprises 34.86 acres, being all of Lot 1 (24.76 acres) and the eastern 2/5 of Lot 3 (10.10 acres) with a well located 484 feet from the South line and 2454 feet from the West line of the section. All measurements and acreages are based on an independent survey taken in August, 1987. This area is on the New Mexico/Texas stateline between N.M. Mile Marker Nos. 45 and 46.
- CASE 9257: Application of Mesa Grande Resources, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation of the Gavilan-Hencos Oil Pool underlying all of Section 14, Township 25 North, Range 3 West, forming a standard 640-acre oil spacing and proration unit for said pool 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 location is approximately 6 miles north of Lindrita, New Mexico.
- CASE 9258: Application of BIA Oil Producers for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 361 feet from the West line (Unit E) of Section 35, Township 22 South, Range 24 East, Undesignated Antelope Ridge-Atoka Gas Pool, the N/2 of said Section 35 to be dedicated to the well. Said well is located approximately 3 miles northeast of the San Simon Sink.
- CASE 9241: (Continued from October 31, 1987, Examiner Hearing)
Application of Pennus Operating Company, Inc. for pool creation and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for lower Pennsylvanian production comprising the W/2 of Section 14, Township 15 South, Range 30 East. Applicant further seeks approval for an unorthodox well location for its Benshaw Federal well No. 1 located 330 feet from the South line and 1750 feet from the West line (Unit 7) of said Section 14. Said area is located approximately 6 miles North-Northwest of Loco Hills, New Mexico.
- CASE 9259: Application of Apache Production Company to rescind Rule 7 of Division Order No. R-8188-A, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to rescind Rule 7 of the Special Pool Rules for the Northeast Ojito Gallup-Lakota Oil Pool, as promulgated by Division Order No. R-8188-A, removing the restriction to 40-acre depth bracket allowables on wells located in portions of Sections 35 and 36, Township 26 North, Range 3 West. Said area is located in the Jicarilla Apache Indian Reservation approximately four miles east of the Southern Union Gas Company Ojito Camp.
- CASE 9260: Application of Sonic Petroleum Company (Standard Oil Production Company) for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through five certain wells on its Phillips-Lea Lease underlying a portion of Section 21, Township 17 South, Range 24 East, Vacuum Grayburg-San Andres Pool. Said area is located approximately 6.5 miles northwest of the oil Hobbs Army Air Corps Auxiliary Airfield No. 4.
- CASE 9261: Application of Sonic Petroleum Company (Standard Oil Production Company) for compulsory pooling and non-standard oil proration unit(s), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying either Lot 1 of Section 2, Township 17 South, Range 3 East, to form a non-standard 41.20-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical limits of Lots 1 and 2 of said Section 2 to form a non-standard 81.39-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical limits, both aforementioned units to be dedicated to a single 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 location is approximately 5 miles north of Hubble City, New Mexico.

Dockets Nos. 34-87 and 35-87 are tentatively set for November 18 and December 2, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 4, 1987

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1987, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9179: (Continued from October 21, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Turman & Hayes, Western Surety Company, and all other interested parties to appear and show cause why the following four wells located on the "B" Lee State Lease in Section 7, Township 18 South, Range 35 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program:

Well No. 1 located 1650 feet from the North line and 2236 feet from the West line (Unit F);

Well No. 3 located 2319 feet from the North line and 918 feet from the West line (Unit E);

Well No. 4 located 2055 feet from the South line and 660 feet from the West line (Unit L); and

Well No. 5 located 994 feet from the South line and 330 feet from the West line (Unit M).

All of these wells are located approximately 2.5 to 3 miles south of Buckeye, New Mexico.

- CASE 9243: Application of Elk Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Runyan Unit Area comprising 3,764.40 acres, more or less, of State and Fee lands in Township 8 South, Range 27 East. Said area is located 5 miles south of the west end of Railroad Mountain.
- CASE 9244: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Lazy Tree State Unit Area comprising 4,640 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East. Said area is located approximately 20 miles west of Tatum, New Mexico.
- CASE 9245: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Flower State Unit Area comprising 5,496.2 acres, more or less, of State lands in Township 8 South, Range 27 East. Said area is located approximately 3 miles south of the west end of Railroad Mountain.
- CASE 9246: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dragonfly State Unit Area comprising 1,282.08 acres, more or less, of State lands in Township 9 South, Range 27 East. Said area is located approximately 10 miles south of the west end of Railroad Mountain.
- CASE 9247: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Wind State Unit Area comprising 3,520 acres, more or less, of State lands in Township 9 South, Range 27 East. Said area is located approximately 7 miles south of the west end of Railroad Mountain.
- CASE 9248: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hard as Nails State Unit Area comprising 2,080.37 acres, more or less, of State lands in Townships 9 and 10 South, Range 26 East. Said area is located approximately 11 miles south of the west end of Railroad Mountain.
- CASE 9249: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 2310 feet from the South line and 660 feet from the West line (Unit L) of Section 8, Township 19 South, Range 27 East, to test all formations from the top of the Wolfcamp through the base of the Morrow, the S/2 of said Section 8 to be dedicated to the well. Said well is located approximately 17 miles southeast of Artesia, New Mexico.

CASE 9238: (Continued from October 21, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Sanmal-Queen and the Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Hoover "ADR" State Well No. 6 located 330 feet from the South line and 990 feet from the West line (Unit M) of Section 1, Township 17 South, Range 33 East. Said well is located approximately 8 miles south of Maljamar, New Mexico.

CASE 9239: (Continued from October 21, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Undesignated Sanmal-Queen and Undesignated Maljamar Grayburg-San Andres Pools in the wellbore of its Billy "AES" State Well No. 2 located 530 feet from the North line and 1750 feet from the West line (Unit C) of Section 12, Township 17 South, Range 33 East. Said well is located approximately 8 miles east of Maljamar, New Mexico.

CASE 9233: (Continued from October 7, 1987, Examiner Hearing)

Application of TXO Production Corporation for compulsory pooling and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing its re-entry into the plugged and abandoned Mesa Petroleum Company Hightower Well No. 1 located 810 feet from the North line and 660 feet from the East line (Unit A) of Section 4, Township 17 South, Range 37 East, wherein applicant proposes to deepen and deviate said well to the Shipp-Strawn Pool at a standard sub-surface oil well location in Lot 1 (Unit A) of said Section 4. Applicant further seeks an order pooling all mineral interests in the Shipp-Strawn Pool underlying Lot 1 and the SE/4 NE/4 of said Section 4, forming a standard 80.95-acre spacing and proration unit, to be dedicated to the above-described well. Also to be considered will be the cost of re-entering, deepening, 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 well is located approximately 8 miles southeast of Lovington, New Mexico.

CASE 9250: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending a certain pool in Rio Arriba County, New Mexico:

(a) EXTEND the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Sections 3 and 4: All
Section 8: E/2
Sections 9 and 10: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 15: All
Section 22: All
Section 27: All
Section 34: All

CASE 9251: Application of Dugan Production Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos Oil Pool underlying all of Section 21, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool 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 location is approximately 11.5 miles north of Lindrith, New Mexico.

CASE 9252: Application of Dugan Production Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos Oil Pool underlying all of Section 28, Township 26 North, Range 2 West, forming a standard 640-acre oil spacing and proration unit for said pool 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 location is approximately 10 miles north of Lindrith, New Mexico.