

Dockets Nos. 13-90 and 14-90 are tentatively set for May 16, 1990 and May 30, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 2, 1990  
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 9922:** Application of Heafitz Energy Management Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to commingle gas production from the Arena Roja-Pennsylvanian Gas Pool and the Silurian formation within the wellbore of the Falcon Engineering Company Inc. Mexico "P" Federal Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 21, Township 26 South, Range 35 East. Said well is located approximately 12 miles west-southwest of Jal, New Mexico.

**CASE 9923:** Application of Santa Fe Energy Operating Partners, L. P. for surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 309-A for the surface commingling of North Young-Bone Spring Pool production into a common tank battery from its Sharp Shooter "2" State Well Nos. 1, 2, and 3 located in Units I, H, and J, respectively, of Section 2, Township 18 South, Range 32 East. Said wells are located in an area approximately 5.5 miles south-southeast of Maljamar, New Mexico.

**CASE 9924:** Application of Strata Production Company to amend Division Order No. R-9097, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9097, which authorized a horizontal directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, being a standard 160-acre gas spacing and proration unit in the Bone Spring formation by expanding the prescribed area limiting the horizontal displacement of the proposed wellbore such that any portion thereof can be no closer than 330 feet from the North line, nor closer than 660 feet from the East and West lines, nor closer than 460 feet from the South line of said 160-acre tract. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.

**[REDACTED]** Application of Siete Oil & Gas Corporation for a waterflood project, Eddy and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a cooperative lease waterflood project in the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool by the injection of water into said pool through selected perforated intervals from approximately 3768 feet to 4310 feet in three certain existing wells located on the applicant's Conoco Federal, Inca Federal, ARCO Federal, and Geronimo Federal Leases, located in portions of Sections 18 and 19, Township 18 South, Range 32 East, Lea County, and Section 24, Township 18 South, Range 31 East, Eddy County. Said cooperative area is located in an area approximately 8.5 miles south-southwest of Maljamar, New Mexico.

**CASE 9926:** Application of Mewbourne Oil Company 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 surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 18 South, Range 27 East, and in the following described 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 Red Lake-Pennsylvanian Gas Pool, Undesignated Red Lake Atoka-Morrow Gas Pool, and Undesignated Scoggin Draw-Morrow Gas Pool); the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; and the NE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing (which presently includes but is not necessarily limited to the Undesignated Artesia Queen-Grayburg-San Andres Pool, Undesignated East Dayton-Grayburg Pool and Undesignated Empire-Abo Pool). Said units are to be dedicated to a single well to be drilled at a location 660 feet from the North and East lines (Unit A) of said Section 21, being a standard location for zones spaced on 40 and 160 acres and unorthodox for zones spaced on 320 acres. 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 6.5 miles south by east of Riverside, New Mexico.

**CASE 9927:** Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Strawn formation to the base of the Morrow formation underlying the E/2 of Section 32, 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 presently includes but is not necessarily limited to the Undesignated South Carlsbad-Strawn Gas Pool, Undesignated South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool). Said unit is to be dedicated to the existing Mary L. Knobel Well No. 1, located at a standard gas well location 1980 feet from the South and East lines (Unit J), which is presently temporarily abandoned in the South Carlsbad-Morrow Gas Pool. Also to be considered will be the cost of re-entering and/or recompleting 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 re-entering and/or recompleting said well. Said unit is located approximately 2 miles west of Otis, New Mexico.

**CASE 9439:** (Reopened) (Continued from April 18, 1990, Examiner Hearing.)

In the matter of Case 9439 being reopened pursuant to the provisions of Division Order No. R-8770 which Order promulgated temporary special pool rules and regulations including a provision for 80-acre spacing and proration units, designated well locations, and a poolwide exception to Division Rule No. 111 allowing for directional drilling or well deviations of more than five degrees in any 500-foot interval in the Vada-Devonian Pool, Lea County, New Mexico. Operators in the subject pool may appear and show cause why the temporary rules for the Vada-Devonian Pool promulgated herein should not be rescinded.

CASE 9912: (Continued from April 18, 1990, Examiner Hearing.)

Application of Conoco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 16 South, Range 37 East, to test either the Undesignated Casey-Strawn Pool or Undesignated Shipp-Strawn Pool, the S/2 NW/4 of said Section 35 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for either pool. Said unit is located approximately 5.75 miles north of Humble City, New Mexico.

CASE 9928: Application of Oryx Energy Company for two unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two unorthodox gas well locations in Section 26, Township 22 South, Range 34 East, to test any and all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation that is being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Ojo Chiso-Strawn Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, Undesignated Antelope Ridge-Morrow Gas Pool, and the Undesignated Ojo Chiso-Morrow Gas Pool). The E/2 is to be dedicated to the existing Ojo Chiso Federal Well No. 2 located 990 feet from the South line and 2030 feet from the East line (Unit O) and the W/2 to be dedicated to the proposed Ojo Chiso Federal Well No. 3 to be drilled 990 feet from the South and West lines (Unit M). Said Section 26 is located approximately 4 miles north-northwest of the San Simon Sink.

CASE 9894: (Continued from April 4, 1990, Examiner Hearing.)

Application of Richmond Petroleum, Inc. for compulsory pooling, unorthodox coal gas well location, and a non-standard gas spacing and proration unit, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the S/2 N/2 of Irregular Section 11, Township 32 North, Range 6 West, forming a non-standard 232.80-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a non-standard coal gas well location 1130 feet from the North line and 760 feet from the West line (Unit E) 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 bounded to the north by the State of Colorado for one-half mile of either side of Astronomical Monument No. 8 located on the Colorado/New Mexico stateline.

CASE 9895: (Continued from April 4, 1990, Examiner Hearing.)

Application of Richmond Petroleum, Inc. for compulsory pooling and an unorthodox coal gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Irregular Section 11, Township 32 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a non-standard coal gas well location 1800 feet from the South line and 230 feet from the West line (Unit L) 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 1/2 mile south of Astronomical Monument No. 8 located on the Colorado/New Mexico stateline.

CASE 9929: Application of Socorro Petroleum Company for a waterflood expansion and to amend Division Order R-2268 and Administrative Orders WFX-585 and WFX-587, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Keel-West Waterflood Project, authorized by Division Order Nos. R-2268, R-2268-A and R-2268-B, by converting its H.E. West "B" Well No. 24, located 660 feet from the North and East lines (Unit A) of Section 10, Township 17 South, Range 31 East, Grayburg-Jackson Pool, from a producing oil well to a water injection well with an increased injection pressure exceeding the Division's standard 0.2 psi/ft. limitation. Also, the applicant seeks authorization to increase the surface injection limitation pressure for 15 certain injection wells in the Keel-West Waterflood Project, as previously set in either Division Administrative Orders WFX-585, WFX-587, or Division Order No. R-2268 (supplemental) to comply with the 0.2 psi/ft. standard, to 450 psi above the formation parting pressure as determined from step-rate test taken within the Project Area which covers all of Sections 3 through 10 of said Township 17 South, Range 31 East. Said project area is located approximately 7 miles west of Maljamar, New Mexico.

CASE 9911: (Continued from April 18, 1990, Examiner Hearing.)

Application of Union Oil Company of California for a highly deviated directional drilling pilot project and unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location 1581 feet from the North line and 1929 feet from the East line (Unit G) of said Section 20 and drilling to a true vertical depth of approximately 2250 feet and then commencing a medium radius curve in a westerly direction to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 2920 feet at which point the wellbore will be drilled to the base of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3100 feet with a terminus at an unorthodox bottomhole location in the NW/4 of Section 20; however, said wellbore will be no closer than 790 feet from the outer boundary of the spacing or proration unit. This unit is located approximately 10 miles southwest of Gobernador, New Mexico.

CASE 9930: (This case will be continued.)

Application of Union Oil Company of California to amend Division Order No. R-6375, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6375, as amended, which authorized downhole commingling of Basin-Dakota and Largo-Gallup production within the Rincon Unit Well No. 164 located 1840 feet from the South line and 1090 feet from the West line (Unit L) of Section 2, Township 26 North, Range 7 West, by reviewing and re-establishing, if necessary, the allocation of production that was set forth by the provisions of said order. The subject well is located approximately 2 miles north-northeast of the El Paso Natural Gas Company Largo Station.