

Dockets Nos. 1-87 and 2-87 are tentatively set for January 7, 1987, and January 21, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 17, 1986
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 January, 1987, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1987, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9042: (Readadvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Fannie Lee Mitchell, United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Caudill SWD Well No. G-32 located 1980 feet from the North line and 1830 feet from the East line (Unit G) of Section 32, Township 15 South, Range 36 East, Lea County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9051: (Continued from December 3, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Petro-Thermo Corporation to appear and show cause why its Form C-133, Authorization to Haul Water, should not be cancelled for non-compliance with Oil Conservation Division's regulations.

CASE 9020: (Continued from November 19, 1986, Examiner Hearing) (This case will be dismissed)

Application of Merrion Oil and Gas Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Huffman Ranch Deep Unit Area comprising 2982.4 acres, more or less, of Federal and Patented lands in Townships 25 and 26 North, Range 2 West.

CASE 9030: (Continued from November 19, 1986, Examiner Hearing)

Application of Jerome P. McHugh for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Carracas Canyon Unit Area comprising 30,720.31 acres, more or less, of Federal and Fee lands in Townships 31 and 32 North, Ranges 4 and 5 West.

CASE 9031: (Continued from December 3, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for hardship gas well classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Mescal "SE" Federal Well No. 1 located 660 feet from the North line and 1750 feet from the West line (Unit C) of Section 18, Township 21 South, Range 22 East, Little Box Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 9034: (Readadvertised)

Application of Cities Service Oil and Gas Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Elkan "A" Well No. 2 to be drilled 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 25, Township 13 South, Range 34 East, Alston Ranch-Upper Pennsylvanian Pool, The W/2 NW/4 of said Section 25 to be dedicated to the well.

CASE 9052: Application of Estoril Producing Corporation for compulsory pooling, non-standard oil proration unit, 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 Northeast Lovington-Pennsylvanian Pool underlying Lots 1 and 2 of Section 7, Township 16 South, Range 37 East, to form a non-standard 102.82 acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing. Said unit is to be dedicated to a well to be drilled at an unorthodox oil well location 1200 feet from the North line and 600 feet from the West line of said Section 7. 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.

CASE 9053: Application of Mewbourne Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen and Penrose formations in the perforated interval from approximately 3875 feet to 3906 feet and 4128 feet to 4152 feet, respectively, in its Federal "E" Well No. 9 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 28, Township 18 South, Range 32 East, Querecho Plains-Queen Associated Pool.

CASE 9045: (Continued from December 3, 1986, Examiner Hearing)

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 Morrow formation underlying the E/2 of Section 24, Township 22 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said 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.

CASE 9054: Application of Pogo Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the West line of Section 26, Township 24 South, Range 28 East, to test the Wolfcamp and Strawn formations and the Undesignated Salt Draw-Atoka and Undesignated Malaga-Morrow Gas Pools, the N/2 of said Section 26 to be dedicated to the well.

CASE 9048: (Continued from December 3, 1986, Examiner Hearing) (This case will be continued to January 7, 1986.)

Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 20, Township 25 North, Range 1 West, to form a standard 640-acre 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.

CASE 9055: Application of Nearburg Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1665 feet from the North line and 830 feet from the East line of Section 12, Township 17 South, Range 37 East, Undesignated South Humble City-Strawn Pool, the E/2 NE/4 of said Section 12 to be dedicated to the well.

CASE 8849: (Continued from December 3, 1986, Examiner Hearing)

Application of Southland Royalty Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following four wells in Township 19 South, Range 35 East, Scharb-Bone Spring Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Smith "5" Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- 2) Smith "5" Well No. 4 located 2149 feet from the South line and 700 feet from the East line (Unit I) of Section 5;
- 3) Scharb "8" Well No. 2 located 660 feet from the North line and 2180 feet from the East line (Unit B) of Section 8; and,
- 4) Scharb "9" Well No. 4 located 766 feet from the North line and 2086 feet from the West line (Unit C) of Section 9.

CASE 9049: (Continued from December 3, 1986, Examiner Hearing)

Application of Foran Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the

S/2 of Section 30, Township 15 South, Range 28 East, forming a standard 320-acre gas 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.

CASE 9056: Application of Citation Oil & Gas Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the open-hole interval from approximately 2636 feet to 2725 feet in its State Well No. 1-Y located 380 feet from the North and West lines (Unit D) of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool.

Dockets Nos. 37-86 and 38-86 are tentatively set for December 3 and December 17, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 19, 1986
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 9030: Application of Jerome P. McHugh for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Carracas Canyon Unit Area comprising 30,720.31 acres, more or less, of Federal and Fee lands in Townships 31 and 32 North, Ranges 4 and 5 West.

CASE 9020: (Continued from November 5, 1986, Examiner Hearing)

Application of Merrion Oil and Gas Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Huffman Ranch Deep Unit Area comprising 2982.4 acres, more or less, of Federal and Patented lands in Townships 25 and 26 North, Range 2 West.

CASE 9040: Application of Hixon Development Company for a non-standard oil proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the E/2 NW/4 of Section 31, Township 25 North, Range 11 West, Bisti-Lower Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location 990 feet from the North line and 1980 feet from the West line of said Section 31.

CASE 9031: Application of Yates Petroleum Corporation for hardship gas well classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Mescal "SE" Federal Well No. 1 located 660 feet from the North line and 1750 feet from the West line (Unit C) of Section 18, Township 21 South, Range 22 East, Little Box Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 9032: Application of John L. Cox for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1980 feet from the North and West lines of Section 19, Township 9 South, Range 33 East, Undesignated South Flying "M"-Pennsylvanian Pool, the S/2 NW/4 of said Section 19 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit in said pool.

CASE 9033: Application of Challenger Energy, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation in the perforated interval from approximately 3321 feet to 3345 feet in its Bedena Federal Well No. 1 located 2055 feet from the South line and 660 feet from the West line (Unit L) of Section 18, Township 26 South, Range 30 East, Undesignated Brushy Draw-Delaware Pool.

CASE 9034: Application of Cities Service Oil and Gas Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Elkan "A" Well No. 2 to be drilled 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 25, Township 13 South, Range 34 East, Alston Ranch-Upper Pennsylvanian Pool, the S/2 NW/4 of said Section 25 to be dedicated to the well.

CASE 8696: (Reopened)

In the matter of Case 8696 being reopened pursuant to the provisions of Order No. R-8062, which promulgated temporary special rules and regulations for the Shipp-Strawn Pool in Lea County, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 8790: (Reopened)

In the matter of Case 8790 being reopened pursuant to the provisions of Order No. R-8062-A, which, in part, amended the temporary special rules and regulations for the Shipp-Strawn Pool in Lea County, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 9035: 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 Gavilan-Mancos and Gavilan Greenhorn-Graneros Dakota Oil Pools underlying the E/2 of Section 20, Township 25 North, Range 2 West, forming a standard 320-acre 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.

CASE 9036: Application of Phillips Petroleum Company for a non-standard oil proration unit and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard oil spacing and proration unit comprising the SE/4 SW/4 (Unit N) of Section 4, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, to be dedicated to a well to be drilled at an unorthodox oil well location 330 feet from the South line and 2500 feet from the West line.

CASE 9037: Application of Meridian Oil Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Air Strip-Bone Spring Pool in Township 18 South, Ranges 34 and 35 East, including a provision for 80-acre oil spacing and proration units and designated well locations.

CASE 9038: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending the vertical and horizontal limits of certain pools in Chaves and Lea Counties, New Mexico:

- (a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Carson-Atoka Gas Pool. The discovery well is the Robert N. Enfield Carson Federal Well No. 1 located in Unit L of Section 3, Township 9 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 31 EAST, NMPM
Section 3: W/2

- (b) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Atoka production and designated as the North Lovington-Atoka Gas Pool. The discovery well is the North American Royalties Inc. Hudgens Well No. 1 located in Unit J of Section 11, Township 16 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 11: S/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the West Pitchfork Ranch-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Madera Ridge 25 Fed Com Well No. 1 located in Unit L of Section 25, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 25: W/2

- (d) EXTEND the Bronco Siluro-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 15: NE/4

- (e) EXTEND the Central Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 9: SW/4

- (f) EXTEND the South Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 7: NW/4

- (g) EXTEND the vertical limits of the Lovington-San Andres Pool in Lea County, New Mexico, to include the Grayburg formation and redesignate said pool as the Lovington Grayburg-San Andres Pool.

- (h) EXTEND the North Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 32: NE/4

- (i) EXTEND the East Morton-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 35 EAST, NMPM
Section 33: NE/4

- (j) EXTEND the Pitchfork Ranch-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 33: S/2

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 4: NW/4
Section 5: N/2

- (k) EXTEND the Northwest Shoe Bar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 15: N/2

- (l) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 12: NW/4

Docket No. 36-86

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 20, 1986
OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 9010: (Continued from October 23, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of a new Rule 118. The Division seeks the adoption of said rule to provide for the regulation of hydrogen sulfide gas in such a manner as to avoid endangering human life.

CASE 9012: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rules 701 B and D. The Division seeks the amendment of said rules to: (1) eliminate the requirement for a hearing when a disposal well is to be located within 2 miles of oil or gas production in the same formation and to expand notification requirements for commercial disposal wells.

CASE 9015: (Continued from October 23, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of new Rules 315, 413, and 903 to establish a gas priority production schedule. The Division seeks adoption of a hierarchy of classes of gas production in times of severely restricted demand for gas from New Mexico wells. Also to be considered will be the application of such rules to purchasers with marketing affiliates.

CASE 9016: (Continued from October 23, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion for the adoption of a new rule 414 to regulate sales of gas by separate owners in a well. The Division seeks the adoption of a rule to prohibit such sales in the absence of agreements or conditions which protect the correlative rights of all the owners in any affected well.

CASE 9017: (Continued from October 23, 1986, Commission Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 902. The Division seeks the amendment of said rule to provide for notice by purchasers to producers when such purchasers are unable to take gas in accordance with the provisions of such rule.

CASE 9018: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-8170. The Division seeks the amendment of Rule 10(a), 11(a), and 11(b) of the General Rules for the Prorated Gas Pools of New Mexico to provide for two-year balancing periods and for a twelve times overproduced limit for the prorated gas pools of northwest New Mexico. Further to be considered is creation of a Gas Bank wherein gas allowable may be deposited for later use.

CASE 9039: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1220 to reflect that only parties of record shall have the right, as provided by law, to apply for a de novo hearing before the Oil Conservation Commission.

CASE 9003: (Continued from October 8, 1986, Examiner Hearing)

Application of Pennzoil Company for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 150 feet from the South line and 1980 feet from the East line of Section 4, Township 17 South, Range 37 East, Shipp-Strawn Pool, and the simultaneous dedication of the W/2 SE/4 of said Section 4 to the well and to the existing Vierson Well No. 2 located in Unit O.