

Entered May 25, 1983
JGR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7843
Order No. R-7283

APPLICATION OF OXOCO PRODUCTION
COMPANY FOR A NON-STANDARD PRORATION
UNIT, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 30, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of May, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Oxoco Production Company, seeks approval of a 200-acre non-standard gas proration unit comprising the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 20, Township 32 North, Range 8 West, NMPM, to be dedicated to its Rattlesnake Canyon Well No. 1, located in Unit I of said Section 20.
- (3) That evidence introduced at the hearing of this case demonstrated that Phillips Petroleum Company holds an overriding royalty interest from Northwest Pipeline Company equal to 82.5% in the N/2 NE/4 and the SW/4 SE/4 of said Section 20, Township 32 North, Range 8 West, NMPM, which acreage would be necessary to form a standard 320-acre proration unit.
- (4) That the dedication of acreage with this overriding royalty would make the drilling of a well on this acreage uneconomical.
- (5) That subsequent to the hearing of this matter, Phillips Petroleum Company has agreed with Northwest Pipeline

-2-

Case No. 7843
Order No. R-7283

Company to reduce its overriding royalty interest until all appropriate well drilling and completion costs are paid.

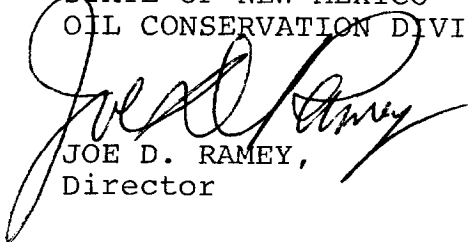
(6) That in reliance on this agreement, OXOCO has requested that this case be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 7843 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L