

**STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

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

**CASE NO. 9932  
Order No. R-9046-A**

**APPLICATION OF ANADARKO PETROLEUM  
CORPORATION FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25<sup>th</sup> day of May, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9046, entered in Case No. 9807 on November 20, 1989, the Division, upon application by Anadarko Petroleum Corporation (Anadarko), pooled all mineral interests in the Strawn formation underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit. Said unit was to be dedicated to a well to be directionally drilled from an unorthodox surface location 2440 feet from the North line and 2230 feet from the West line (Unit F) of said Section 33, to an unorthodox bottomhole location within a 125 foot radius semi-circle west of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33.

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(3) At the time Case No. 9807 was heard, Anadarko believed it had an agreement with TXO Production Corporation (TXO), who owns an 8.9 percent interest within said SE/4 NW/4, whereby TXO would voluntarily participate in the drilling of the subject well, or would convey its interest to Anadarko by farmout agreement, and, as a result, the interest of TXO was not specifically named among those parties being force pooled.

(4) Subsequent to the hearing in said Case No. 9807, Anadarko has been unable to secure either voluntary participation or farmout agreement with TXO.

(5) The applicant, Anadarko Petroleum Corporation, seeks, in the immediate case, to additionally force pool the interest of TXO Production Corporation within the Strawn formation underlying the SE/4 NW/4 (Unit F) of said Section 33, said unit to be dedicated to the well to be drilled as described in Finding No. (2) above.

(6) The evidence presented indicates that in accordance with the provisions of Division Order No. R-9046, Anadarko was to have commenced drilling the subject well by February 1, 1990.

(7) The evidence further indicates that the subject well has not been spudded, and that Anadarko has received two drilling extensions from the Division, and is now required to commence drilling the subject well by August 1, 1990.

(8) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in any pool completion resulting from this order, the subject application should be approved by pooling the interest of TXO Production Corporation in the Strawn formation underlying the SE/4 NW/4 of said Section 33.

(9) The interest of TXO Production Corporation should be subject to Ordering Provisions 1, 2 and 5 through 18 of said Division Order No. R-9046, including risk penalty charges and overhead supervision rates.

(10) TXO Production Corporation should be afforded the opportunity to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production.

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(11) With the exception of Ordering Paragraph Nos. 3 and 4 as they pertain only to the interest of TXO Production Corporation, all other provisions contained in Division Order No. R-9046 should remain in full force and effect.

(12) This order should have no effect on those interest owners within the subject unit whose interests were pooled by said Order No. R-9046.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Anadarko Petroleum Corporation for an order pooling the interest of TXO Production Corporation in the Strawn formation underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby approved.

(2) Said unit shall be dedicated to a well to be directionally drilled from an unorthodox surface location 2440 feet from the North line and 2230 feet from the West line (Unit F) of said Section 33, to an unorthodox bottomhole location within a 125 foot radius semi-circle west of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33, as contained in and authorized by Division Order No. R-9046.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and TXO Production Corporation an itemized schedule of estimated well costs.

(4) TXO Production Corporation shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production, provided however, TXO Production Corporation shall have 30 days from the date the schedule of estimated well costs is furnished to it to pay such costs.

(5) In addition, should TXO Production Corporation elect to pay its share of estimated well costs as provided above, it shall remain liable for operating costs but shall not be liable for risk charges.

(6) The interest of TXO Production Corporation shall be subject to Ordering Provisions 1 and 2 and 5 through 18 of said Division Order No. R-9046, including risk penalty charges and overhead supervision rates.

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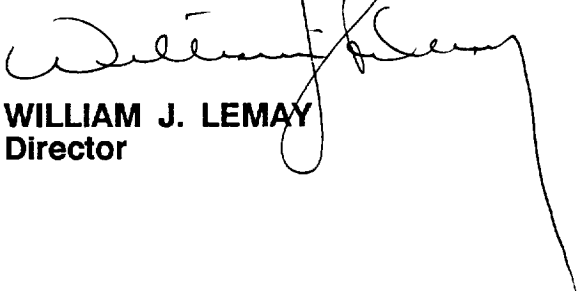
(7) With the exception of Ordering Paragraph Nos. 3 and 4 as they pertain only to the interest of TXO Production Corporation, all other provisions contained in Division Order No. R-9046 should remain in full force and effect.

(8) This order shall have no effect on those Interest owners within the subject unit whose interests were pooled by said Order No. R-9046.

(9) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

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