

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. 10200  
Order No. R-9247-A

APPLICATION OF OXY U.S.A. INC.  
FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 10, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this ~~23rd~~ day of January, 1991, 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.

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(2) By Order No. R-9247, entered in Case No. 10010 on August 14, 1990, the Division, upon application of Oxy USA Inc. (Oxy), pooled mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 29, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, forming 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 La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool and East Carlsbad-Morrow Gas Pool. Said unit was to be dedicated to the applicant's proposed Simpson "A" Well No. 2 to be drilled at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 29.

(3) At the time Case No. 10010 was heard, Oxy believed it had an agreement with Mr. & Mrs. Robert D. Ogas, who own an interest in the E/2 of said Section 29, whereby Oxy would acquire said interest by lease agreement, and as a result, said interest was not specifically named among those parties being force pooled, and, said interest owners were not given notice of the original hearing.

(4) Subsequent to the hearing in said Case No. 10010, Oxy has been unable to secure a lease agreement with the parties described in Finding No. (3) above.

(5) The applicant, Oxy U.S.A. Inc., seeks, in the immediate case, to pool the interest as described in Finding No. (3) above under the same terms and conditions contained within Division Order No. R-9247.

(6) The evidence presented by the applicant indicates that the Simpson "A" Well No. 2, which was spudded during September, 1990, has been plugged and abandoned after reaching a total depth of 1640 feet due to problems encountered while drilling.

(7) The evidence further indicates that the replacement well, the Simpson "A" Well No. 2Y located 1880 feet from the South line and 1980 feet from the East line (Unit J) of said Section 29, which was spudded during October, 1990, was plugged and abandoned after reaching a total depth of 1907 feet due to problems encountered while drilling.

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(8) The applicant proposes to dedicate the E/2 of said Section 29 to its previously plugged and abandoned Simpson "A" Well No. 2Z, which is located 1980 feet from the North line and 810 feet from the East line (Unit H) of said Section 29, which will be reentered and directionally drilled to an unorthodox bottomhole location 2346 feet from the South line and 1788 feet from the East line (Unit J) of said Section 29 under the authority of Division Administrative Order No. DD-56(NSBHL).

(9) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid 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 production in any pool completion resulting from this order, the subject application should be approved by pooling the interest of Mr. & Mrs. Robert D. Ogas underlying the E/2 of said Section 29.

(10) The interest of Mr. & Mrs. Robert D. Ogas should be subject to Ordering Provisions 1, 2 and 5 through 15 of said Division Order No. R-9247, including risk penalty charges and overhead supervision rates.

(11) Mr. & Mrs. Robert D. Ogas should be afforded the opportunity to pay their share of estimated well costs to the operator in lieu of paying their share of reasonable well costs out of production.

(12) With the exception of Ordering Paragraph Nos. 3 and 4 as they pertain only to the interest of Mr. & Mrs. Robert D. Ogas, all other provisions contained within Division Order No. R-9247 should remain in full force and effect.

(13) This order should have no effect on those interest owners within the subject unit whose interest was pooled by said Order No. R-9247.

(14) This order should reflect that the subject unit will be dedicated to the applicant's Simpson "A" Well No. 2Z as described in Finding No. (8) above.

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IT IS THEREFORE ORDERED THAT:

(1) The application of Oxy U.S.A. Inc. for an order pooling the interest of Mr. & Mrs. Robert D. Ogas from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 29, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) Said unit shall be dedicated to the previously plugged and abandoned Simpson "A" Well No. 2Z, which is located 1980 feet from the North line and 810 feet from the East line (Unit H) of said Section 29, and which will be reentered and directionally drilled to an unorthodox bottomhole location 2346 feet from the South line and 1788 feet from the East line (Unit J) of said Section 29 under the authority of Division Administrative Order No. DD-56(NSBHL).

(3) Within 30 days after the effective date of this order, the operator shall furnish the Division and Mr. & Mrs. Robert D. Ogas an itemized schedule of estimated well costs.

(4) Mr. & Mrs. Robert D. Ogas shall have the right to pay their share of estimated well costs to the operator in lieu of paying their share of reasonable well costs out of production, provided however, Mr. & Mrs. Robert D. Ogas shall have 30 days from the date the schedule of estimated well costs is furnished to them to pay such costs.

(5) In addition, should Mr. & Mrs. Robert D. Ogas elect to pay their share of estimated well costs as provided above, they shall remain liable for operating costs but shall not be liable for risk charges.

(6) The interest of Mr. & Mrs. Robert D. Ogas shall be subject to Ordering Provisions 1 and 2 and 5 through 15 of said Division Order No. R-9247, including risk penalty charges and overhead supervision rates.

(7) With the exception of Ordering Paragraph Nos. 3 and 4 as they pertain only to the interest of Mr. & Mrs. Robert D. Ogas, all other provisions contained within Division Order No. R-9247 shall remain in full force and effect.

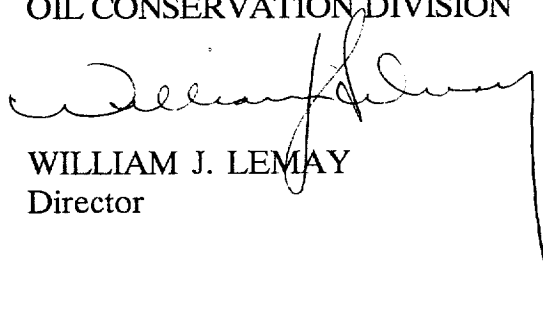
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(8) This order shall have no effect on those interest owners within the subject unit whose interests were pooled by said Order No. R-9247.

(9) Jurisdiction is hereby 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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