

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF LOUIS DREYFUS
NATURAL GAS CORPORATION FOR
COMPULSORY POOLING AND AN
UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

RECEIVED

SEP 1 1987

Oil Conservation Division

No. 11858

APPLICATION

Louis Dreyfus Natural Gas Corporation applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S $\frac{1}{2}$ of Section 22, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and for an unorthodox well location, and in support thereof states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of said Section 22, and has the right to drill a well thereon.

2. Applicant proposes to drill its White Wing "22" Fed. Com. Well No. 23 at an unorthodox location 1980 feet from the South line and 2635 feet from the West line of the section,¹ to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The S $\frac{1}{2}$ of Section 22 for all pools or formations spaced on 320 acres, including the Undesignated Southeast Carlsbad-Wolfcamp Gas Pool, Undesignated East Hackberry Hills-Canyon Gas Pool, Undesignated Northeast Sheep Draw-Strawn Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool;

¹Applicant has applied for administrative approval of the unorthodox location. If administrative approval is obtained, the unorthodox location request in this application will be dismissed.

(b) The SW¼ of Section 22 for all pools or formations spaced on 160 acres; and

(c) The NE¼SW¼ of Section 22 for all pools or formations spaced on 40 acres, including the Undesignated Happy Valley-Delaware Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 22 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 22, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.).

5. The pooling of all mineral interests underlying the S½ of Section 22, and approval of the unorthodox location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

(a) Pooling all mineral interests in the S½ of Section 22, from the surface to the base of the Morrow formation, as set forth above;

(b) Designating applicant as operator of the well;

- (c) Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;
- (e) Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well;
- (f) Approving the unorthodox well location; and
- (g) Granting such further relief as the Division deems proper.

Respectfully submitted,



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