

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

GARREY CARRUTHERS
GOVERNOR

April 26, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
5051927-5800

Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: Karen Aubrey

*RE: Division Order No. R-9046, Anadarko
Petroleum Corp., Smith Well No. 1*

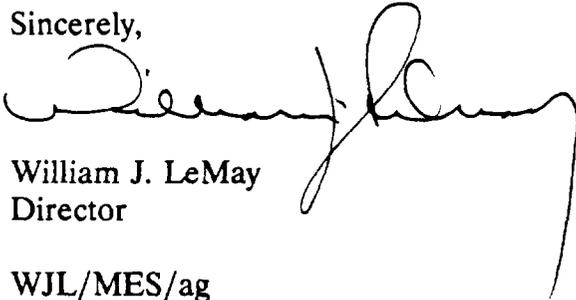
Dear Ms. Aubrey:

Per your letter dated April 17, 1990 concerning the need to move the proposed surface location from the previously authorized surface location, 2440 feet from the North line and 2230 feet from the West line (Unit F) of Section 33, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, so as to avoid a circular irrigation system.

Inasmuch as the surface location change will not effect the provisions of said Division Order No. R-9046, which authorized the compulsory pooling, directional drilling and unorthodox subsurface location for the Strawn formation, such move shall be authorized at this time.

THEREFORE, Anadarko Petroleum Corporation is hereby authorized to drill its Smith Well No. 1 at a surface location being 2522 feet from the North line and 2172 feet from the West line (Unit F) of said Section 16. All other provisions of said Order No. R-9046 and subsequent addenda shall be strictly adhered to and remain in full force and effect.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: File: Case No. 9807 and 9932
Oil Conservation Division - Hobbs
Anadarko Petroleum Corporation - Midland, TX

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 10, 1990

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

APR 10 1990

OIL CONSERVATION DIVISION

9932

Re: In the Matter of the Application of Anadarko Petroleum Corporation for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Anadarko Petroleum Corporation in the above-referenced case. Anadarko Petroleum Corporation respectfully requests that this matter be placed on the docket for the May 2, 1990 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh
Enclosures

cc w/enclosure:

Mr. Wayne Weelis
Anadarko Petroleum Corporation
Post Office Box 2497
Midland, Texas 79702

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

APR 10 1990

IN THE MATTER OF THE APPLICATION OF
ANADARKO PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 9932

APPLICATION

ANADARKO PETROLEUM CORPORATION, by its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests in the Strawn formation underlying the SE/4 NW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. By Order No. R-904⁶ entered in Case No. 9807 on November 20, 1989 the Oil Conservation Division granted the application of Anadarko Petroleum Corporation for compulsory pooling of all mineral interests in the Strawn formation underlying the SE/4 NW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico. This order has been extended by the Division Director until May 1, 1990.

2. At the time of the hearing in Case 9807, TXO Production Corporation and Anadarko Petroleum Corporation had reached a verbal agreement whereby TXO would participate in the drilling of the well proposed by Anadarko on the proposed pooled unit.

3. TXO and Anadarko have been unable to finalize a written agreement for the development of this pooled unit and TXO's interest is not committed to this well.

4. Anadarko represents all of the working interest in and under the SE/4 NW/4 of Section 33, except for a 8.906% working interest owned by TXO, and Applicant has the right to drill thereon.

5. Anadarko proposes to dedicate the above-referenced pooled unit to a well to be located at a standard location in the SE/4 NW/4 of said Section 33.

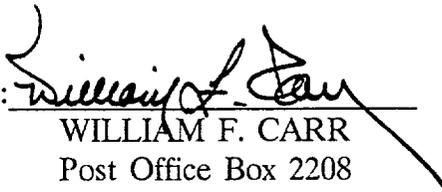
6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will prevent correlative rights.

7. In order to permit Anadarko to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Anadarko should be designated the operator of the well to be drilled.

WHEREFORE, Anadarko prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 2, 1990, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ANADARKO
PETROLEUM CORPORATION

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

APR 10 1990

IN THE MATTER OF THE APPLICATION OF ANADARKO PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 9932

APPLICATION

ANADARKO PETROLEUM CORPORATION, by its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests in the Strawn formation underlying the SE/4 NW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. By Order No. R-9047 entered in Case No. 9807 on November 20, 1989 the Oil Conservation Division granted the application of Anadarko Petroleum Corporation for compulsory pooling of all mineral interests in the Strawn formation underlying the SE/4 NW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico. This order has been extended by the Division Director until May 1, 1990.

2. At the time of the hearing in Case 9807, TXO Production Corporation and Anadarko Petroleum Corporation had reached a verbal agreement whereby TXO would participate in the drilling of the well proposed by Anadarko on the proposed pooled unit.

3. TXO and Anadarko have been unable to finalize a written agreement for the development of this pooled unit and TXO's interest is not committed to this well.

4. Anadarko represents all of the working interest in and under the SE/4 NW/4 of Section 33, except for a 8.906% working interest owned by TXO, and Applicant has the right to drill thereon.

5. Anadarko proposes to dedicate the above-referenced pooled unit to a well to be located at a standard location in the SE/4 NW/4 of said Section 33.

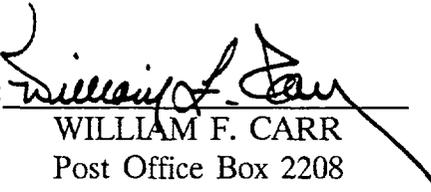
6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will prevent correlative rights.

7. In order to permit Anadarko to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Anadarko should be designated the operator of the well to be drilled.

WHEREFORE, Anadarko prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 2, 1990, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ANADARKO
PETROLEUM CORPORATION

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

APR 16 1990

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
ANADARKO PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 9932

APPLICATION

ANADARKO PETROLEUM CORPORATION, by its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests in the Strawn formation underlying the SE/4 NW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. By Order No. R-9047 entered in Case No. 9807 on November 20, 1989 the Oil Conservation Division granted the application of Anadarko Petroleum Corporation for compulsory pooling of all mineral interests in the Strawn formation underlying the SE/4 NW/4 of Section 33, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico. This order has been extended by the Division Director until May 1, 1990.

2. At the time of the hearing in Case 9807, TXO Production Corporation and Anadarko Petroleum Corporation had reached a verbal agreement whereby TXO would participate in the drilling of the well proposed by Anadarko on the proposed pooled unit.

3. TXO and Anadarko have been unable to finalize a written agreement for the development of this pooled unit and TXO's interest is not committed to this well.

4. Anadarko represents all of the working interest in and under the SE/4 NW/4 of Section 33, except for a 8.906% working interest owned by TXO, and Applicant has the right to drill thereon.

5. Anadarko proposes to dedicate the above-referenced pooled unit to a well to be located at a standard location in the SE/4 NW/4 of said Section 33.

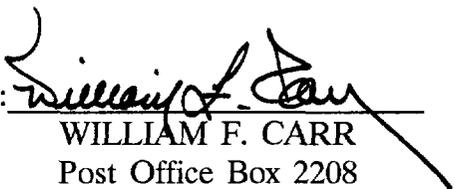
6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will prevent correlative rights.

7. In order to permit Anadarko to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Anadarko should be designated the operator of the well to be drilled.

WHEREFORE, Anadarko prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 2, 1990, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ANADARKO
PETROLEUM CORPORATION

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. 9807
ORDER NO. R-9046

APPLICATION OF ANADARKO PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
DIRECTIONAL DRILLING AND AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 1, 1989, at Santa Fe, New Mexico, before Examiner Victor T. Lyon.

NOW, on this 20th day of November, 1989, 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) The applicant, Anadarko Petroleum Corporation, seeks an order pooling 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.
- (3) The applicant has the right to drill a well and proposes to directionally drill a well from a non-standard surface location 2440 feet from the North line and 2230 feet from the West line of said Section 33, to the Strawn formation at a true vertical depth of approximately 11,700 feet within a 125-foot radius of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33.
- (4) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

Case No. 9807
Order No. R-9046
Page No. 2

(5) The proposed well is a wildcat projected to the Strawn formation, reservoirs which are typically small and difficult to find. The proposed location was selected from data obtained by eight seismic lines run through the immediate area.

(6) The Division is normally tolerant of unorthodox locations for wildcat wells when ownership is common between the drillsite and adjacent tracts, but this encroachment is excessive.

(7) The SE/4 NW/4 (drillsite) and the SW/4 NE/4 (crowded tract) of Section 33 are both under lease to applicant but are not commonly owned as to mineral interests, and both leases expire, respectively, in April and May, 1990.

(8) A well completed at the eastern edge of the proposed target area would be only fifteen feet from the common lease line which is also common to the NE/4 and NW/4 of the section.

(9) A surface location at the proposed bottomhole location would interfere with irrigated crop land and mitigation costs would be greater than the estimated incremental costs of the directional drilling.

(10) The proposed target should be modified to a 125-foot radius semi-circle west of the proposed bottomhole location and a penalty on the well's allowable should be imposed proportional to the distance the well is moved from a standard location.

(11) 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 resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(12) The applicant should be designated the operator of the subject well and unit.

(13) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(14) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(15) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

Case No. 9807
Order No. R-9046
Page No. 3

(16) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(17) \$5500.00 per month while drilling and \$500.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(18) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(19) Upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before February 1, 1990, the order pooling said unit should become null and void and of no further effect whatsoever.

(20) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(21) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(22) Should the well result in a producing oil well, the operator should propose pool rules and other measures designed to prevent waste and protect correlative rights in the reservoir.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, 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, are hereby pooled to form a 40-acre oil spacing and proration unit to be dedicated to a well to be directionally drilled at a non-standard surface location 2440 feet from the North line and 2230 feet from the West line of said Section 33, to the Strawn formation at a true vertical depth of approximately 11,700 feet 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.

Case No. 9807
Order No. R-9046
Page No. 4

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of February, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of February, 1990, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) Anadarko Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

Case No. 9807
Order No. R-9046
Page No. 5

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him; and
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5500.00 per month while drilling and \$500.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

Case No. 9807
Order No. R-9046
Page No. 6

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(15) Operator shall run a continuous or multi-shot directional survey of the well so as to determine the bottomhole location and file same with the Hobbs and Santa Fe offices of the Division.

(16) Should the well be completed as a producing oil well, the well shall receive an allowable of 365 barrels of oil per day, as provided in Statewide Rule 505 for a period of seven days. Thereafter, the well shall have a penalized allowable based on the depth bracket allowable mentioned above multiplied by the ratio that the distance of the bottomhole perforations from the nearest unit boundary bears to 330 feet.

(17) Within 90 days after completion of the well as an oil well or gas well applicant shall file application for appropriate special pool rules or propose other appropriate measures designed to prevent waste and protect correlative rights.

(18) 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

S E A L

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

DC 5/11/90
AS 5/14/90
WJS/22

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 _____ 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 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.

(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 Anakarko has recieved ^{sf} 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 recieve 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.

(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.

(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

S E A L