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October 11, 1985

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Case 8-237

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OIL CONSERVATION DIVISION

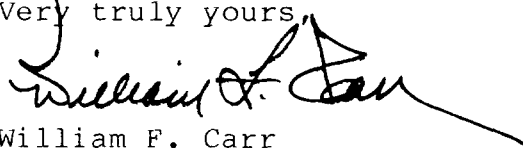
R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of Southland Royalty Company for
Compulsory Pooling, Chaves County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Southland Royalty Company in the above-referenced case. Southland Royalty Company respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on October 23, 1985.

Very truly yours,


William F. Carr

WFC/cv
enclosures

cc: (w/enclosure)
Mr. James B. Shepard, III

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
COMPULSORY POOLING, CHAVES COUNTY,
NEW MEXICO.

Case 8237

APPLICATION

Comes now SOUTHLAND ROYALTY COMPANY (applicant), by and through its undersigned attorneys, and, as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application for an order pooling all of the mineral interests from the surface to the top of the Wolfcamp formation, in and under the SW/4 of Section 30, and all of the mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation, in and under the S/2 of Section 30, Township 15 South, Range 28 East, N.M.P.M., Chaves County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents (a) approximately 25.16564% of the working interest from the surface to the base of the San Andres formation and 81.29142% of the working interest from the base of the San Andres to the top of the Wolfcamp formation, all in and under the SW/4 of Section 30, and (b) approximately 78.16030% of the working interest from the top of the Wolfcamp formation to the base of the Morrow formation, in and under the S/2 of Section 30, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an orthodox location 660 feet from the South line and 1980 feet from the West line of said Section 30.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the S/2 of said Section 30, except for:

(a) Depco, Inc., Suite 875, Empire Plaza, Midland, Texas 79701, owner of approximately a 37.41718% working interest from the surface to the base of the San Andres formation, a 9.35429% working interest from the base of the San Andres to the top of the Wolfcamp formation, in and under the SW/4 of Section 30; and a 10.91985% working interest from the top of the Wolfcamp formation to the base of the Morrow formation, in and under the S/2 of Section 30; and

(b) Marathon Oil Company, P. O. Box 552, Midland, Texas 79702, owner of approximately a 37.41718% working interest from the surface to the base of the San Andres formation, a 9.35429% working interest from the base of the San Andres to the top of the Wolfcamp formation, in and under the SW/4 of Section 30; and a 10.91985% working interest from the top of the Wolfcamp formation to the base of the Morrow formation, in and under the S/2 of Section 30.

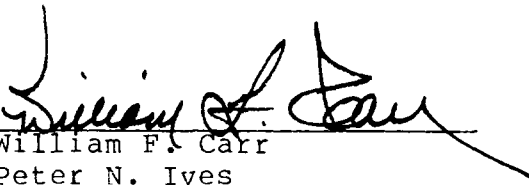
4. Said pooling of interests and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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

WHEREFORE, applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on October 23, 1985, 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, approving the location of the well as proposed by applicant, and making such and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P. A.

By 
William F. Carr

Peter N. Ives

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ATTORNEYS FOR SOUTHLAND
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