

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:

REOPENED

CASE NO. 9391
ORDER NO. R-8674-A

APPLICATION OF FORAN OIL COMPANY
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 October 26, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of December, 1988, 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) Division Order No. R-8674, issued in Case No. 9391 and dated June 24, 1988, compulsorily pooled all mineral interests in the Strawn formation underlying the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for said pool to be dedicated to a well to be drilled by September 15, 1988 at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 7. Also included and considered in said Order were provisions for the costs of drilling said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

(3) Subsequent to the issuance of said Order No. R-8674, the Division granted an extension of time in which to begin the subject well until December 31, 1988.

(4) The applicant in the original case, Foran Oil Company, now seeks to reopen Division Case No. 9391 in order to pool the interests of Home-Stake Royalty Corporation and the Home-Stake Oil and Gas Company and to include said interests into the provisions of said Order No. R-8674.

(5) At the time of the original hearing held on June 8, 1988, Foran Oil Company had obtained a voluntary agreement for the commitment of The Home-Stake Royalty Corporation and The Home-Stake Oil & Gas Company interest in this spacing and proration unit and therefore did not name these parties in its original pooling application.

(6) Thereafter, The Home-Stake Royalty Corporation and The Home-Stake Oil and Gas Company have taken the position that their approximately 7.8125% interest in this well and its proposed spacing unit are not now voluntarily committed to the well.

(7) In order to obtain its just and equitable share of the potential production underlying the subject 80-acre unit, approval of this application pooling the subject mineral interests involved would protect the applicant's correlative rights and prevent waste.

(8) All provisions set forth in said Order No. R-8674 and any subsequent time extensions for the drilling of the subject well shall remain in full force and effect and shall also include therein the interests of Home-Stake Royalty Corporation and Home-Stake Oil and Gas Company.

IT IS THEREFORE ORDERED THAT:

(1) The application of Foran Oil Company to include the interests of Home-Stake Royalty Corporation and Home-Stake Oil and Gas Company in the provisions of Division Order No. R-8674 is hereby approved.

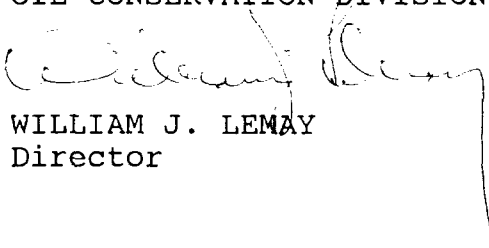
(2) Said Order No. R-8674 shall remain in full force and effect and shall also include therein the approximate 7.8125 percent interests of Home-Stake Royalty Corporation and Home-Stake Oil and Gas Company.

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

Case No. 9391
Order No. R-8674-A
Page No. 3

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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