

Entered October 6, 1980

MR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 6889  
Order No. R-6369-A

APPLICATION OF BELCO PETROLEUM  
CORPORATION FOR DIRECTIONAL DRILLING,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for a limited hearing at 9 a.m. on September 4, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 6th day of October, 1980, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Order No. R-6369 was entered in Case No. 6889 on June 9, 1980, authorizing Belco Petroleum Corporation to directionally drill a well, the surface location of which shall be 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, in such a manner as to bottom it at an unorthodox location within 100 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.
- (3) That an application for a De Novo hearing in Case No. 6889 by Duval Corporation was received by the Commission within the period prescribed by law.

(4) That Belco Petroleum Corporation filed for the Commission's consideration a Motion in Opposition to the application of Duval Corporation for a De Novo hearing on the basis that Duval Corporation lacked standing to object to the drilling of a Morrow test well the surface and bottom hole locations of which lie outside the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A, as amended.

(5) That pursuant to Section 70-2-12 (17) NMSA, 1978 Compilation, the Commission has statutory authority to promulgate rules, regulations and orders for the protection of commercial potash within areas containing potential oil and gas reserves.

(6) That the Commission has fulfilled that statutory authority by the adoption and administration of Commission Order No. R-111-A, as amended, which:

- (a) delineated an area (Potash-Oil Area) including and containing potential oil and gas reserves, within which are commercial potash deposits, and
- (b) promulgated special rules and regulations for the comprehensive and orderly development of oil and gas reserves within the Potash-Oil Area.

(7) That the area in controversy herein is immediately adjacent to but outside the Potash-Oil Area as defined by Order No. R-111-A, as amended.

(8) That in Case No. 278, Order No. R-111-C entered on August 13, 1959, by the Commission, Duval Sulphur and Potash Company requested and was granted an expansion of the Potash-Oil Area for acreage immediately adjoining the area in controversy herein.

(9) That when potash deposits are found outside the Potash-Oil Area, as defined by Commission Order No. R-111-A, as amended, potash operators may apply for expansion of the Potash-Oil Area.

(10) That upon notice and hearing and a determination, pursuant to Section 70-2-12 (16) NMSA, 1978 Compilation, and Commission Order No. R-111-A, as amended, that commercial deposits exist outside the Potash-Oil Area, the Potash-Oil Area is expanded to include such commercial deposits of potash.

-3-

Case No. 6889  
Order No. R-6369-A

(11) That Duval Corporation has failed to apply for an expansion of the Potash-Oil Area to include the area in controversy herein.

(12) That Duval Corporation lacks standing to object to the drilling of a Morrow test well, the surface and bottom hole locations of which are not on lands included in the Potash-Oil Area, nor which will encounter potash deposits within the Potash-Oil Area.

IT IS THEREFORE ORDERED:


(1) That the Application of Duval Corporation for a de novo hearing is hereby denied, and that the Order No. R-6369 entered in Case No. 6889 on June 9, 1980, is hereby affirmed.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
ALEX J. ARMIJO, Member

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

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