

Entered April 7, 1981
JMR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7175
Order No. R-6627

APPLICATION OF CONOCO INC. FOR
COMPULSORY POOLING AND A DUAL
COMPLETION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 11, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of April, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Conoco Inc., seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill its Sholes B-19 Com No. 1 Well No. 4 at a standard location in Unit K of said Section 19.

(4) That there are royalty interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, 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 gas in said pool, the subject application should be approved by

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pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That 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.

(8) That 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 July 1, 1981, the order pooling said unit should become null and void and of no effect whatsoever.

(9) That the applicant further seeks authority to complete said Sholes B-19 Com No. 1 Well No. 4 as a dual completion (conventional) to produce gas from the Devonian and Ellenburger formations through parallel strings of tubing.

(10) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(11) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to the Sholes B-19 Com No. 1 Well No. 4 to be drilled at a standard location in Unit K of said Section 19.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of July, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ellenburger formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of July, 1981, Order (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.

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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 Order (1) of this order should not be rescinded.

(2) That Conoco Inc. is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that 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.

IT IS FURTHER ORDERED:

(1) That Conoco Inc. is hereby authorized to complete said Sholes B-19 Com No. 1 Well No. 4 as a dual completion (conventional) to produce gas from the Devonian and Ellenburger formations through parallel strings of tubing with separation of the zones to be achieved by means of a packer set at approximately 12,258 feet.

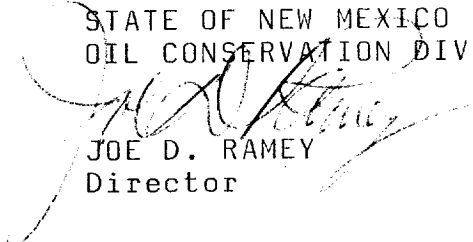
PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take Packer Leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for gas wells in Southeastern New Mexico.

(2) That 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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