

Entered June 11, 1982
JHR

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. 7579
Order No. R-6851-A

APPLICATION OF MGF OIL CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 12, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of June, 1982, 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, MGF Oil Corporation, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the N/2 NW/4 of Section 5, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico.

(3) That the applicant has the right to drill and has drilled a well at a standard location thereon.

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

(5) That said well was drilled as an oil well on a 40-acre oil proration unit pooled under the terms of Division Order No. R-6851 entered December 9, 1981, in Case No. 7402.

(6) That the non-consenting parties in this case and Case No. 7402 are the same.

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

(8) That the applicant should continue to be designated the operator of the subject well and unit.

(9) That the pooling in this case should be accomplished by amending the first paragraph of Order (1) of said Division Order No. R-6851 to read in its entirety as follows:

"(1) That two units are hereby pooled in Section 5, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, to form a standard 40-acre oil and non-standard 80-acre gas spacing and proration unit, respectively, being:

- (a) for oil, all mineral interests down to and including the Abo formation underlying the NW/4 NW/4 of the section; and
- (b) for gas, all mineral interests down to and including the Seven Rivers formation underlying the N/2 NW/4 of the section;

either unit to be dedicated to a well to be drilled at a standard location thereon."

IT IS THEREFORE ORDERED:

(1) That the first paragraph of Division Order No. R-6851 entered December 9, 1981, is hereby amended to read in its entirety as follows:

"(1) That two units are hereby pooled in Section 5, Township 20 South, Range 39 East, NMPM, Lea County, New Mexico, to form a standard 40-acre oil and non-standard 80-acre gas spacing and proration unit, respectively, being:

- (a) for oil, all mineral interests down to and including the Abo formation underlying the NW/4 NW/4 of the section; and

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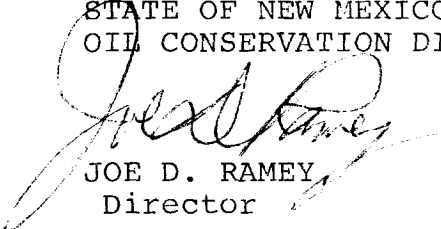
- (b) for gas, all mineral interests down to and including the Seven Rivers formation underlying the N/2 NW/4 of the section;

either unit to be dedicated to a well to be drilled at a standard location thereon."

- (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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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