

Entered October 29, 1982
JCR

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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. 7711
Order No. R-6903-A

APPLICATION OF JULIAN ARD FOR
THE AMENDMENT OF DIVISION ORDER
NO. R-6903, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 27, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of October, 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, Julian Ard, seeks the amendment of Division Order No. R-6903, Lea County, New Mexico, which order pooled all mineral interests in the Morrow formation underlying the E/2 of Section 23, Township 20 South, Range 33 East, NMPM, to provide that all of the Wolfcamp and Pennsylvanian formations would be pooled thereunder.
- (3) That the applicant has the right to drill and has drilled a well at a standard location in the E/2 of said Section 23 to the Morrow formation.
- (4) That the Morrow interval in said well appears to be dry or non-commercial.
- (5) That the applicant seeks said amendment of Order No. R-6903 to permit it to attempt to complete Wolfcamp or Pennsylvanian zones above the Morrow.

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

(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 formations under the E/2 of said Section 23, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(9) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated Wolfcamp or Pennsylvanian (above the Morrow) testing and completion costs to the operator in lieu of paying his share of reasonable costs out of production.

(10) That any such non-consenting working interest owner who does pay his share of such estimated testing and completion costs should not be subject to the risk penalty provided in Order 6 of said Order No. R-6903 as to such costs only.

(11) That all provisions of Division Order No. R-6903 not in conflict with this order should remain in full force and effect.

(12) That upon the failure of the operator of said pooled unit to commence testing and completion operations in the Wolfcamp or Pennsylvanian zones above the Morrow formation in the well to which said unit is dedicated on or before May 1, 1983, this order should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That the amendment of Division Order No. R-6903 is hereby approved to provide that all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 23, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, are pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the testing and completion of Wolfcamp or Pennsylvanian

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zones above the Morrow formation in said well on or before the 1st day of May, 1983;

PROVIDED FURTHER, that in the event said operator does not commence such operations on or before the 1st day of May, 1983, 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.

PROVIDED FURTHER, that should said well not be carried to completion, or abandonment, within 120 days after recommencement of operations therein, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

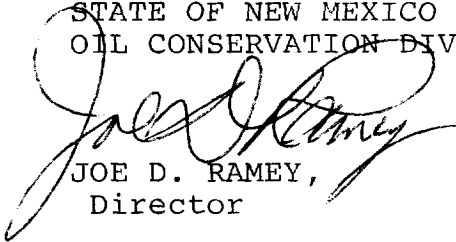
(2) That after the effective date of this order and within 90 days prior to commencing operations in said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated testing and completion costs.

(3) That within 30 days from the date the schedule of estimated testing and completion costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of such costs to the operator in lieu of paying his share of such costs out of production, and that any such owner who pays his share of estimated costs as provided above shall remain liable for operating costs but shall not be liable for risk charges as to this portion of well costs only.

(4) That all provisions of Division Order No. R-6903 not in conflict with this order shall remain in full force and effect.

(5) 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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