

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. 8377
Order No. R-7567-A

APPLICATION OF RAY WESTALL FOR
AMENDMENT OF DIVISION ORDER NO.
R-7567, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 14, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 15th day of January, 1985, 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-7567, dated June 28, 1984, granted Ammex Petroleum, Inc. pooling of all mineral interests in the Bone Springs formation, underlying the S/2 SE/4 of Section 28, Township 23 South, Range 28 East, South Culebra Bluff-Bone Springs Pool, and pooling of all mineral interests from the surface to the top of the Bone Spring formation and from the base of the Bone Spring formation to a depth of 8,000 feet underlying the SE/4 SE/4 of said Section 28, such proration units to be dedicated to a well at a standard location 660 feet from the South and East lines of the same section. \$3,000 per month while drilling and \$300.00 per month while producing were fixed as reasonable charges for supervision and a 150 percent risk penalty was assessed against all non-consenting working interest owners.

(3) The applicant, Ray Westall, seeks the amendment of said Division Order No. R-7567 to change the operator from Ammex Petroleum, Inc. to Ray Westall, to change the risk factor charge involved in the drilling of the subject well to 200

percent, and to change the date by which drilling of the proposed well must begin.

(4) Insufficient evidence was presented to justify an amendment in the risk factor and that portion of the application should be denied.

(5) Making all other requested amendments to said Order No. R-7567 will not result in waste or violation of correlative rights and those portions of the application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Ordering Paragraph No. (2) on Pages 3 and 4 of Division Order No. R-7567, dated June 28, 1984, is hereby amended to read in its entirety as follows:

"(2) That all mineral interests, whatever they may be in the South Culebra Bluff Bone Spring Pool underlying the S/2 SE/4 of said Section 28, are also hereby pooled to form a standard 80-acre oil spacing and proration unit, also to be dedicated to said well at said standard location.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 30th day of April, 1985, and shall thereafter continue the drilling of said well with due diligence as to test all formations to a depth of 8,000 feet;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 30th day of April, 1985, Orders (1) and (2) 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 drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Orders (1) and (2) of this order should not be rescinded."

(2) Ordering Paragraph No. (3), on Page 4 of said Division Order No. R-7567, is also hereby amended to read in its entirety as follows:

"(3) That Ray Westall is hereby designated the operator of the subject well and unit."

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(3) The applicant's request to amend Ordering Paragraph No. (8), Part (B), of said Division Order R-7567, reflecting a change in the risk penalty factor from 150 to 200 percent is denied.

(4) 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



R. L. STAMETS,
Director

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