

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. 8867  
Order No. R-8074-A

APPLICATION OF MARSHALL PIPE  
AND SUPPLY COMPANY FOR AMENDMENT  
OF DIVISION ORDER NO. R-8074,  
ROOSEVELT COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 2, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of April, 1986, 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-8074, dated November 5, 1985, pooled all mineral interests from the top of the Wolfcamp formation to the top of the PreCambrian underlying the S/2 of Section 27, Township 2 South, Range 29 East, NMPM, Roosevelt County, New Mexico, forming a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard gas well location. Yates Petroleum Corporation was designated the operator of said well and unit. \$3400.00 per month while drilling and \$340.00 per month while producing were fixed as reasonable charges for supervision and a 200 percent risk penalty was assessed against all non-consenting working interest owners.

(3) Said Order No. R-8074 also contained a provision that the operator must commence the drilling of the subject well on the unit on or before January 31, 1986 or the provisions in Order No. R-8074 would become null and void with no effect whatsoever.

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(4) The applicant in this case, Marshall Pipe and Supply Company, seeks the amendment of said Division Order No. R-8074 changing the operator of the subject well and unit from Yates Petroleum Corporation to Marshall Pipe and Supply Company and to extend the time period by which drilling of the proposed well must begin.

(5) Prior to the hearing the Division Director administratively extended the time period by which drilling of the proposed well must begin until April 30, 1986.

(6) No interested party objected to the proposed amendments.

(7) Approval of the proposed amendments to said Order No. R-8074 will not result in waste or the violation of correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Finding Paragraph No. (14) on page 3 of Division Order No. R-8074, dated November 5, 1985, is hereby amended to read in its entirety as follows:

"(14) 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 31, 1986, the order pooling said unit should become null and void and of no effect whatsoever."

(2) Ordering Paragraph No. (1) on page 3 of said Order No. R-8074 is hereby amended to read in its entirety as follows:

"(1) All mineral interests, whatever they may be, from the top of the Wolfcamp formation to the top of the PreCambrian underlying the S/2 of Section 27, Township 2 South, Range 29 East, NMPM, Roosevelt County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard gas well location thereon.

PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 31st day of July, 1986, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test down to the PreCambrian formation;

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before

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the 31st day of July, 1986, Ordering Paragraph No. (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 drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded."


(3) Ordering Paragraph No. (2) on page 3 of said Order No. R-8074 is hereby amended to read in its entirety as follows:

"(2) Marshall Pipe and Supply Company is hereby designated the operator of the subject well and unit."

(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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