

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 9458 (DE NOVO)
Order No. R-8773-A

APPLICATION OF MALLON OIL
COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 19, 1989, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 16th day of February, 1989, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Mallon Oil Company, seeks an order pooling all mineral interests in the Bell Canyon, Cherry Canyon, and Brushy Canyon formations (Delaware Mountain

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Group) underlying the NW/4 SW/4 (Unit L) of Section 27, Township 26 South, Range 29 East, NMPM, Brushy Draw-Delaware Pool, Eddy County, New Mexico, forming a standard 40-acre oil spacing and proration unit within said pool.

(3) The matter came on for hearing at 8:15 a.m. on October 12, 1988, at Santa Fe, New Mexico, before Oil Conservation Division Examiner David R. Catanach and, pursuant to this hearing, Order No. R-8773 was issued on October 28, 1988, granting the application and force-pooling Red Bluff Water Power Control District ("Red Bluff").

(4) A timely application for hearing De Novo was made by Red Bluff in this case and the matter was set for hearing before the Commission.

(5) The matter came on for hearing De Novo on January 19, 1989.

(6) During the pendency of this action Order No. R-8773 has not been stayed and is in full force and effect.

(7) The record of Case No. 9458 made before the Division Examiner is made a part of the record in this de novo case.

(8) The findings and order entered by the Division Director (Order No. R-8773) were supported by substantial evidence.

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(9) Red Bluff has not presented any additional evidence in this hearing which would support a change in Order No. R-8773 entered by the Division.

(10) Order No. R-8773 should be affirmed and made an order of the Commission in this proceeding.

(11) Red Bluff should be granted time in which to pay its share of the reasonable well costs subsequent to entry of this order, and a reasonable time shall be 30 days less the number of days between the date Red Bluff received the estimated well costs (November 10, 1988) and the date Red Bluff filed its application for de novo hearing (November 28, 1988), or 12 days from this order.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-8773, entered October 28, 1988, is hereby affirmed and made an order of this Commission and is continued in full force and effect.

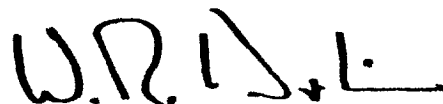
(2) Red Bluff shall have 12 days after the date of this order to pay its share of reasonable well costs to the operator in lieu of paying such costs out of production, and if Red Bluff pays its share of costs as provided, it shall remain liable for operating costs but shall not be liable for such charges.

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(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM R. HUMPHRIES, Member



ERLING A. BROSTUEN, Member

WILLIAM J. LEMAY, Chairman and
Secretary

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