

CASE 6729: ADAMS EXPLORATION COMPANY  
FOR COMPULSORY POOLING, LEA COUNTY, NEW  
MEXICO

Cont to  
Dec 12

Dismissed

Case No.

6729

Application  
Transcripts.

Small Exhibits

ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
12 December 1979

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Adams Exploration ) CASE  
Company for compulsory pooling, ) 6729  
Lea County, New Mexico. )  
-----

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

MR. NUTTER: Call Case Number 6729.

MR. PADILLA: Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, we'd like to dismiss this case.

MR. NUTTER: Case Number 6729 will be dismissed.

(Hearing concluded.)

## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6729  
heard by me on 12/12 1979  
[Signature] Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
12 December 1979

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Adams Exploration ) CASE  
Company for compulsory pooling, ) 6729  
Lea County, New Mexico. )  
-----

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

MR. NUTTER: Call Case Number 6729.

MR. PADILLA: Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, we'd like to dismiss this case.

MR. NUTTER: Case Number 6729 will be dismissed.

(Hearing concluded.)

## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, from my notes taken at the time of the hearing.

\_\_\_\_\_  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6727.  
heard by me on 12/12 1979.  
\_\_\_\_\_, Examiner  
Oil Conservation Division



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

January 10, 1980

Mr. Thomas Kellahin  
Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 6729  
ORDER NO. R-6228

**Applicant:**

Adams Exploration Company

**Dear Sir:**

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

~~Yours very truly,~~

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other

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. 6729  
Order No. R-6228

APPLICATION OF ADAMS EXPLORATION  
COMPANY 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 December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of January, 1980, 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 upon request of the applicant, this case should be dismissed.

IT IS THEREFORE ORDERED:

(1) That Case No. 6729 is hereby dismissed.

(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 stated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
14 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Adams Exploration Com-  
pany for compulsory pooling, Lea  
County, New Mexico.

CASE  
6729

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 4/1-2462  
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call next Case Number 6729.

2 MR. PADILLA: Application of Adams Explor-  
3 ation Company for compulsory pooling, Lea County, New Mexico.

4 MR. NUTTER: The applicant in this case  
5 has requested continuance.

6 The case will be continued to the Examiner  
7 Hearing scheduled to be held at this same place at 9:00  
8 o'clock a. m., December 12th, 1979.

9  
10 (Hearing concluded.)  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
802 Plaza Blanca (505) 471-3463  
Santa Fe, New Mexico 87501

## REPORTER CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said hearing transcript is a full, true, and  
correct record of the hearing, prepared by me to the best  
of my ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2463  
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is  
a complete and correct transcript of the proceedings in  
the hearing of Case No. 6729  
heard by me on 11/14 1979.  
[Signature] Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
14 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Adams Exploration Com-  
pany for compulsory pooling, Lea  
County, New Mexico.

CASE  
6729

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3010 Plaza Blanca (SSE) 471-3483  
Santa Fe, New Mexico 87501

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. NUTTER: Call next Case Number 6729.

MR. PADILLA: Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico.

MR. NUTTER: The applicant in this case has requested continuance.

The case will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m., December 12th, 1979.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3010 Plaza Blanca (SOS) 471-2482  
Santa Fe, New Mexico 87501

## REPORTER CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said hearing transcript is a full, true, and  
correct record of the hearing, prepared by me to the best  
of my ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6729  
heard by me on 11/14 1977.

 Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (688) 211-2463  
Santa Fe, New Mexico 87501



- CASE 6760: Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, and simultaneous dedication, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "AY" Well No. 5, located in Unit E of Section 36, Township 7 South, Range 35 East, Todd-Upper San Andres Gas Pool, to be simultaneously dedicated with its State "AY" Well No. 3 in Unit F of Section 36 to a 160-acre non-standard gas proration unit comprising the NW/4 of Section 36. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well.
- CASE 6761: Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Atoka-Morrow test well to be drilled 660 feet from the North and West lines of Section 2, Township 24 South, Range 28 East; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.
- CASE 6762: Application of Joe Don Cook for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Section 1, Township 19 South, Range 31 East, Shugart Pool.
- CASE 6763: Application of Adams Exploration Company for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the North Osudo-Morrow Gas Pool underlying Section 16, Township 20 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6729: (Continued from November 14, 1979, Examiner Hearing)  
Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6725: (Continued from November 28, 1979, Examiner Hearing)  
Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 347.58-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6751: (Continued from November 28, 1979, Examiner Hearing)  
Application of Tenneco Oil Company for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the Catclaw Draw-Morrow Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.
- CASE 6764: Application of Lee Crane for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of undesignated Ojo Alamo and Oswell-Farmington production from his Martin Wells Nos. 1 and 3 located in Section 34, Township 30 North, Range 11 West.
- CASE 6765: Application of Mesa Petroleum Company for an exception to Order No. R-111-A and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to complete its Bass Federal Well No. 2 to be drilled at an unorthodox location 1450 feet from the North line and 1850 feet from the West line and its Bass Federal Well No. 3 to be drilled in Unit D, both in Section 6, Township 20 South, Range 31 East, by setting surface casing in the "Red Bed" section of the basal Rustler formation and production casing at total depth. Both casing strings would have cement circulated to the surface.

CASE 6729: Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6730: Application of Petroleum Development Corporation to limit 640-acre spacing, Eddy and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks an order limiting the applicability of the 640-acre spacing and well location rules for the Lusk-Morrow Gas Pool to the present boundaries of said pool so that wells drilled nearby but outside the pool would be governed by Rule 104 of the Division's Rules.

CASE 6731: Application of Petroleum Development Corporation for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and West lines of Section 13, Township 19 South, Range 31 East, Lusk-Morrow Gas Pool, the N/2 of said Section 13 to be dedicated to the well as a non-standard 320-acre proration unit.

CASE 6709: (Continued from October 31, 1979, Examiner Hearing)

Application of HNG Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 33, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Pool

Range

NMFM

சென்னை

A 6x6 grid with numbers 1 through 36. The numbers are arranged in a boustrophedon pattern, starting from the top right (1) and moving left, then down to the next row and moving right, and so on. The grid is divided into four 3x3 quadrants by a vertical line between columns 3 and 4, and a horizontal line between rows 3 and 4. In the center of the grid, at the intersection of the vertical and horizontal lines, is a small square containing the handwritten text: "all done 16/20".

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16 all done 16/20	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

[illegible]

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
500 Don Gaspar Avenue  
Post Office Box 1769  
Santa Fe, New Mexico 87501

Telephone 982-4285  
Area Code 505

October 26, 1979

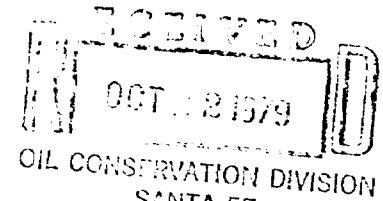
Case 6729

Mr. Joe Ramey  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Adams Exploration  
Compulsory Pooling

Dear Joe:

Please set the enclosed Application for hearing on  
November 14, 1979.



Very truly yours,

*W. Thomas Kellahin*  
W. Thomas Kellahin *mf*

WTK:eps  
Enclosure

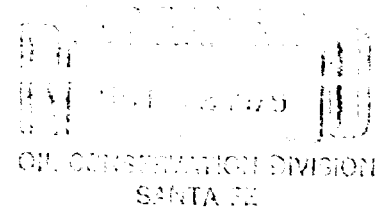
cc: Mr. James C. Brown

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

Case 6729

IN THE MATTER OF THE APPLICATION  
OF ADAMS EXPLORATION COMPANY FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO

*within 1 mi  
North Opal  
Morrow Gas Pool  
640 ac spcg*



A P P L I C A T I O N

COMES NOW Adams Exploration Company and as provided by Section 70-2-17, New Mexico Statutes Annotated-1978, applies to the Oil Conservation Division for an order pooling all the mineral interests in and under Section 16, T20S, R36E, NMPM, Lea County, New Mexico, being a proration unit consisting of 640 acres, more or less, for a test of all producing depths to the base of the Pennsylvanian Formation as a standard location, and in support thereof would show the Division:

1. Applicant is the owner of a right to drill and develop in Section 16 and proposes to dedicate Section 16 to a Morrow test well.

2. Applicant has obtained voluntary agreement for pooling from all but the following:

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mike Burkhart

NE/4 of Section

3. As required by the provisions of Commission Rule 104, Applicant proposes to dedicate all of Section 16, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico to the well.

4. Applicant requests that it be designated operator of the pooled unit requested above, that a risk factor of 200% be assessed along with other charges.

5. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

WHEREFORE, Applicant respectfully requests that the Division set this matter for hearing before the Division's duly appointed examiner, and that after notice and hearing, as required by law, the Division enter its order pooling all interest underlying Section 16, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and designating Applicant operator of the pooled unit, together with provision for Applicant to recover its costs out of production including a risk factor to be determined by the Division and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for such further orders as may be proper in the premises.

Respectfully submitted,

ADAMS EXPLORATION COMPANY

By W. Thomas Kellahin /mg  
W. Thomas Kellahin

KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501

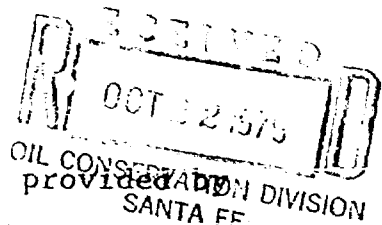
ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF ADAMS EXPLORATION COMPANY FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO

Case 6729

A P P L I C A T I O N



COMES NOW Adams Exploration Company and as provided by Section 70-2-17, New Mexico Statutes Annotated-1978, applies to the Oil Conservation Division for an order pooling all the mineral interests in and under Section 16, T20S, R36E, NMPM, Lea County, New Mexico, being a proration unit consisting of 640 acres, more or less, for a test of all producing depths to the base of the Pennsylvanian Formation as a standard location, and in support thereof would show the Division:

1. Applicant is the owner of a right to drill and develop in Section 16 and proposes to dedicate Section 16 to a Morrow test well.

2. Applicant has obtained voluntary agreement for pooling from all but the following:

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001  
Attention: Mike Burkhart

NE/4 of Section

3. As required by the provisions of Commission Rule 104, Applicant proposes to dedicate all of Section 16, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico to the well.

4. Applicant requests that it be designated operator of the pooled unit requested above, that a risk factor of 200% be assessed along with other charges.

5. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

WHEREFORE, Applicant respectfully requests that the Division set this matter for hearing before the Division's duly appointed examiner, and that after notice and hearing, as required by law, the Division enter its order pooling all interest underlying Section 16, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and designating Applicant operator of the pooled unit, together with provision for Applicant to recover its costs out of production including a risk factor to be determined by the Division and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for such further orders as may be proper in the premises.

Respectfully submitted,

ADAMS EXPLORATION COMPANY

By W. Thomas Kellahin /

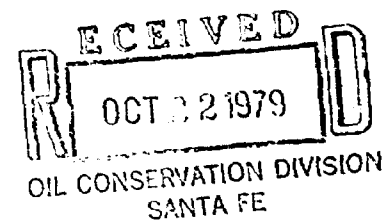
KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF ADAMS EXPLORATION COMPANY FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO



A P P L I C A T I O N

COMES NOW Adams Exploration Company and as provided by Section 70-2-17, New Mexico Statutes Annotated-1978, applies to the Oil Conservation Division for an order pooling all the mineral interests in and under Section 16, T20S, R36E, NMPM, Lea County, New Mexico, being a proration unit consisting of 640 acres, more or less, for a test of all producing depths to the base of the Pennsylvanian Formation as a standard location, and in support thereof would show the Division:

i. Applicant is the owner of a right to drill and develop in Section 16 and proposes to dedicate Section 16 to a Morrow test well.

2. Applicant has obtained voluntary agreement for pooling from all but the following:

Amoco Production Company	NE/4 of Section
P. O. Box 3092	
Houston, Texas 77001	
Attention: Mike Burkhart	

3. As required by the provisions of Commission Rule 104, Applicant proposes to dedicate all of Section 16, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico to the well.

4. Applicant requests that it be designated operator of the pooled unit requested above, that a risk factor of 200% be assessed along with other charges.

5. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

WHEREFORE, Applicant respectfully requests that the Division set this matter for hearing before the Division's duly appointed examiner, and that after notice and hearing, as required by law, the Division enter its order pooling all interest underlying Section 16, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and designating Applicant operator of the pooled unit, together with provision for Applicant to recover its costs out of production including a risk factor to be determined by the Division and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for such further orders as may be proper in the premises.

Respectfully submitted,  
ADAMS EXPLORATION COMPANY

By W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
ATTORNEYS FOR APPLICANT

DRAFT

dr/

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. 6729

Order No. R- 6228

APPLICATION OF ADAMS EXPLORATION  
COMPANY 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 December 12,  
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of December, 19 79, 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, Adams Exploration Company~~  
~~seeks an order pooling all mineral interests in the Pennsylvanian~~  
~~formation underlying the~~  
~~of Section 16, Township 20 South, Range 36 East~~  
~~NMPM, North Osado-Morrow Gas Pool, Lea County, New~~  
~~Mexico.~~

(2) That upon request of the applicant,  
this case should be dismissed.

IT IS THEREFORE ORDERED:

(1) That Case No. 6729 is hereby dismissed.

(2) Jurisdiction

DONE at . . . . .