

Entered March 30, 1976



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5638
Order No. R-5111-A

APPLICATION OF BELCO PETROLEUM
CORPORATION FOR AMENDMENT OF
ORDER NO. R-5111, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

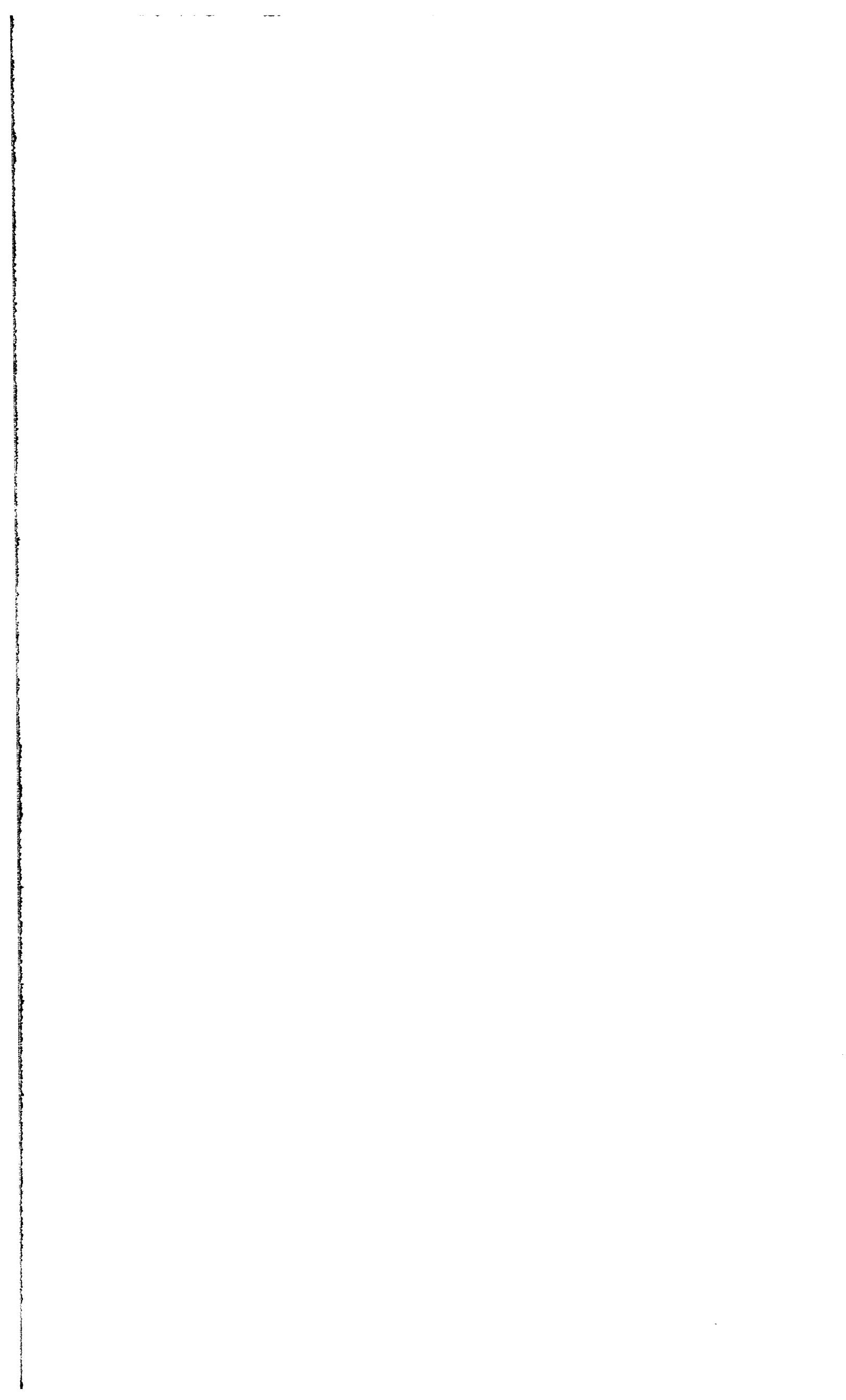
BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 3, 1976, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 30th day of March, 1976, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Belco Petroleum Corporation, seeks the amendment of Order No. R-5111, which order pooled all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant proposes the amendment of said order to pool all mineral interests in the formations of Mississippian and Siluro-Devonian age underlying the W/2 of said Section 5 and to approve the unorthodox location of a well for said formations.
- (3) That under the provisions of Commission Order No. R-5111, the applicant has drilled its Jarvis Mead Well No. 1 to the Morrow formation at a point 660 feet from the South line and 1980 feet from the West line of said Section 5.
- (4) That the applicant subsequently deepened said Jarvis Mead Well No. 1 to a depth sufficient to test formations of Mississippian and Siluro-Devonian age and discovered a new common source of gas supply.
- (5) That there are owners of interest in the formations of Mississippian and Siluro-Devonian age in the proration unit who have not agreed to pool their interests.



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(6) 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 pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit as proposed.

(7) That the applicant should continue to be designated the operator of the subject well and unit.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of well costs related to the deepening of the well below the Morrow formation to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner that does not pay his share of such additional well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

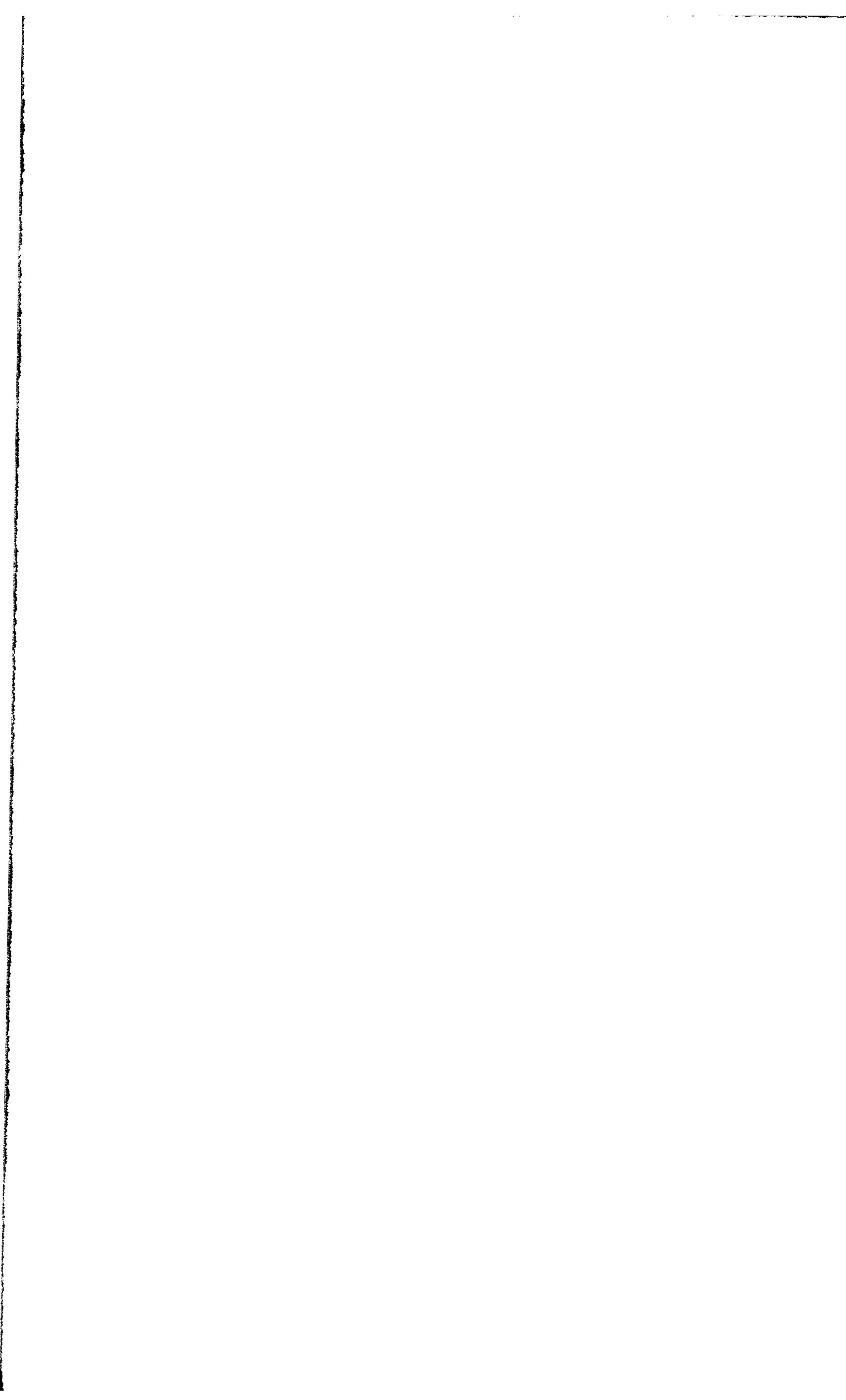
(10) That any non-consenting interest owner should be afforded the opportunity to object to such additional actual well costs but that actual additional well costs should be adopted as the additional reasonable well costs in the absence of such objection.

IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Commission Order No. R-5111, dated October 1, 1975, is hereby amended to read in its entirety as follows:

"(1) That all mineral interests, whatever they may be, in the formations of Pennsylvanian, Mississippian, and Siluro-Devonian age underlying the W/2 of Section 5, Township 22 South, Range 27 East, NMPM, Eddy 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 an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 5."

(2) That after the effective date of this order the operator shall furnish the Commission and each non-consenting working interest owner in the subject unit an itemized schedule of actual well costs for the deepening of said well from the Morrow formation to the Siluro-Devonian formations.



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(3) That within 15 days from the date the schedule of such additional well 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 additional reasonable well costs out of production, and that any such owner who pays his share of additional well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges or such additional costs.

(4) That 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

jr/