

Entered January 20, 1982
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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. 7431
Order No. R-6887

APPLICATION OF WAINOCO OIL & GAS
COMPANY FOR COMPULSORY POOLING AND A
NON-STANDARD OIL PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 2, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of January, 1982, 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, Wainoco Oil & Gas Company, originally requested an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying a 101.65-acre non-standard oil proration unit comprising Lots 3 and 4 of Section 18, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That since filing its application for hearing, applicant has obtained the voluntary consent of all working interest owners in the subject spacing and proration unit and requests that that portion of this case pertaining to the pooling of working interests be dismissed, and that only that portion pertaining to the pooling of royalty and/or overriding royalty interests and the non-standard size of the unit be retained.
- (4) That the applicant has the right to drill and proposes to drill a well at an unorthodox location 660 feet from the South line and 660 feet from the West line of said Section 18,

said location being 179.3 feet west of the center of Lot 4 whereas the pool rules specify that wells be drilled within 150 feet of the center of the lot.

(5) That said unorthodox location has previously been approved by Order No. R-6885.

(6) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(7) 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 oil in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(8) That the applicant should be designated the operator of the subject well and unit.

(9) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

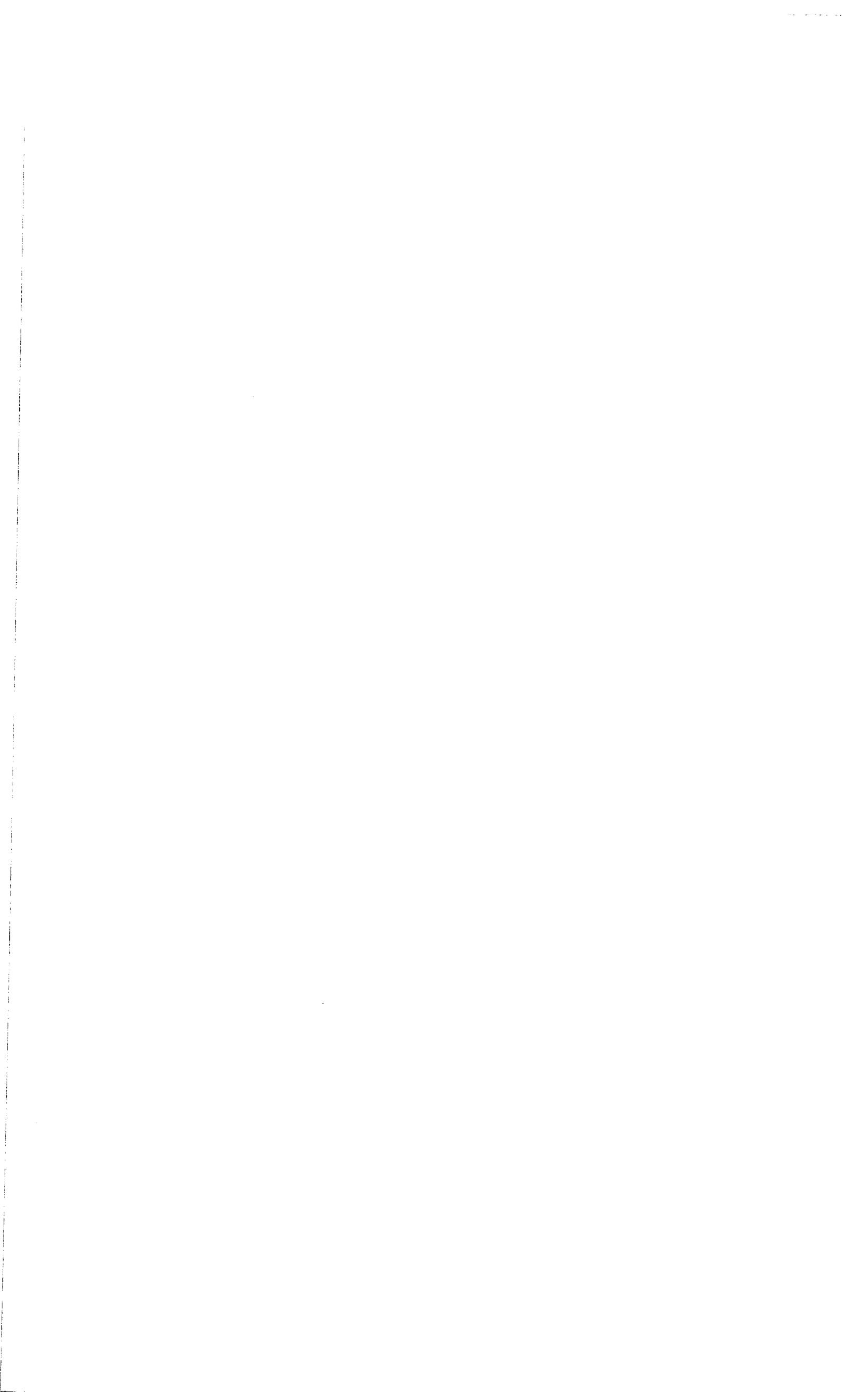
(10) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Northeast Lovington-Pennsylvanian Pool underlying Lots 3 and 4 of Section 18, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a non-standard 101.65-acre oil proration unit to be dedicated to a well to be drilled 660 feet from the South line and 660 feet from the West line of said Section 18.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of March, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of March, 1982, Order (1) of this order shall be null and void and



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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 Order (1) of this order should not be rescinded.

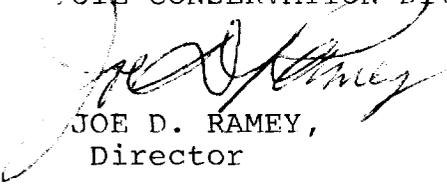
(2) That Wainoco Oil & Gas Company is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(4) 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 designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

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