



BEFORE THE OIL CONSERVATION DIVISION

SANTA FE

.
IN THE MATTER OF THE APPLICATION .
OF C.C. MALONEY and JOHN C. RYAN .
FOR COMPULSORY POOLING, OR IN THE .
ALTERNATIVE, A NON-STANDARD PRO- .
RATION UNIT. .

Case 7721

APPLICATION

Applicants, C.C. Maloney and John C. Ryan, by and through their undersigned attorney, state as follows:

I.

1. That Applicants are owners within the meaning of Section 70-2-17 (c) N.M.S.A., 1978 Compilation, and as such seeks to force-pool all of the oil and gas mineral interests within the Pennsylvanian formation in the W/2 of Section 11, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, containing approximately 320 acres, more or less (said lands).

2. That Applicants propose to drill a well at a standard location on said lands to a depth sufficient to test the morrow zone.

3. That the Applicants will dedicate said lands to the well and desires to be designated as the operator.

4. That the Applicants have obtained the consent of the working interest and royalty owners in the proposed proration unit except for the SW/4 SW/4 of Section 11 which has been declared "N.O.L." (not open for leasing) by the Bureau of Land Management of the Department of Interior as a result of Potash mining activity within the R-111 Potash Area.

5. That any non-consenting working interest owner that does not pay its share of estimated well costs should have with-

held from production its share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. That Applicants should be authorized to withhold from production a reasonable supervision charge, attributable to each non-consenting working interest owner's proportionate share, during the drilling and production stages of the well.

7. That to avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in the proposed proration unit the opportunity to recover or receive without unnecessary expense its just and fair share of the hydrocarbons in the unit, said lands should be pooled as proposed herein.

WHEREFORE, Applicants respectfully request:

1. That this application be set for hearing before an examiner of the Division in November, 1982, and that notice of said hearing be given as required by law.

2. That upon hearing the Division enter its order pooling all oil and gas mineral interest in the Pennsylvanian formation, underlying the W/2 of Section 11, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

3. And for such other relief as the Division may deem appropriate in the premises.

II.

Applicants, as an alternative and only as an alternative, to I above state:

1. That Rule 104 of the Rules and Regulations of the Oil Conservation Division requires a 320 acre spacing or proration unit for a Pennsylvanian formation test well.

2. That the SW/4 SW/4 of Section 11 of the proposed proration unit under I above is currently unleased with the possibility that said SW/4 SW/4 may never be leased for oil and gas

purposes in the foreseeable future by the Bureau of Land Management of the Department of Interior due to Potash mining in the area.

3. That without consent from the Bureau of Land Management, or its lessee, for commitment of the SW/4 SW/4 to a W/2 of Section 11 dedication, Applicants will be precluded from exploration and development of the remaining lands in the W/2 of Section.

4. That Applicants request deletion of said SW/4 SW/4 from the remainder of W/2 of Section 11 and that such remainder, containing 280 acres, more or less, be dedicated to a well located at a standard location 1980' F N & W L of Section 11.

5. That approval of this application would not impair correlative rights or cause waste.

WHEREFORE, Applicants respectfully request:

1. That this application be set for hearing before an examiner of the Division in November, 1982, and that notice of said hearing be given as required by law.

2. That upon hearing the Division enter its order approving a nonstandard proration unit comprised of the NW/4, N/2 SW/4, SE/4 SW/4 of Section 11, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico to be dedicated to a well located 1980 F N & W L of said Section 11.

3. And for such other relief as the Division may deem appropriate in the premises.

Respectfully submitted

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