

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE
APPLICATION OF ARCO PERMIAN,
A UNIT OF ATLANTIC RICHFIELD,
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11442

APPLICATION

ARCO PERMIAN, A UNIT OF ATLANTIC RICHFIELD ("ARCO"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order (1) pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 of Section 32, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (2) approving an unorthodox well location, and in support thereof states:

1. ARCO owns or represents approximately 32% of the working interest in the E/2 of Section 32, and ARCO has the right to drill thereon.
2. ARCO proposes to drill its Dancer 32 State Com #1 Well at an unorthodox location 1728 feet from the North line and 916 feet from the East line of Section 32, and test the Morrow formation, Empire-Pennsylvanian Gas Pool.
4. ARCO has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the E/2 of said Section 32.

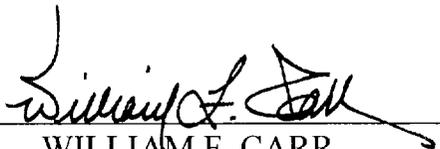
5. Said pooling of interests and the drilling of the Dancer 32 State Com #1 Well at the proposed unorthodox location will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

6. In order to permit ARCO to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and ARCO should be designated the operator of the well to be drilled.

WHEREFORE, ARCO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 11, 1996, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating ARCO operator of the well and spacing unit, authorizing ARCO to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by ARCO in drilling, completing and equipping the well and approving the proposed unorthodox location for this well.

Respectfully submitted,

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