

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

CASE NO. 11641

AMENDED APPLICATION

ARCO PERMIAN, A DIVISION OF ATLANTIC RICHFIELD COMPANY ("ARCO"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, in all formations developed on 160-acre spacing in the SW/4, in all formations developed on 80-acre spacing in the S/2 SW/4 and in all formations developed on 40-acre spacing in the SE/4 SW/4 of Section 34, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. ARCO owns or represents approximately 90% of the working interest in the W/2 of said Section 34, and applicant has the right to drill thereon.
2. ARCO proposes to dedicate the above-referenced spacing or proration unit to its Galileo 34 State Com Well No. 1 to be drilled at an unorthodox well location 1017 feet from the South line and 1379 feet from the West line of said Section 34 to a depth sufficient

to test all formations from the surface to the base of the Morrow formation Undesignated South Empire - Morrow Gas Pool.

3. ARCO proposes to drill to a depth sufficient to test all formations to the base of the Morrow formation.

4. ARCO has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 34.

5. Said pooling of interests will prevent waste and will 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 at the proposed unorthodox well location.

WHEREFORE, ARCO prays that this amended application be set for hearing before an examiner of the Oil Conservation Division on November 21, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for ARCO to recover its costs of supervision of the well, including overhead charges, imposing a risk factor for the risk assumed by the ARCO in drilling, completing and equipping the well and approving an unorthodox location for the well 1017 feet from the South line and 1379 feet from the West line of said Section 34.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ARCO PERMIAN, A DIVISION
OF ATLANTIC RICHFIELD COMPANY

CASE 11641:

Amended Application of ARCO Permian, a Division of Atlantic Richfield Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4 from the surface to the base of the Atoka formation in of Section 34, Township 17 South, Range 28 East. Said unit is to be dedicated to its Galileo 34 State Com. Well No. 1 which will be drilled at an unorthodox location 1017 feet from the South line and 1379 feet from the West line of said Section 34 to a depth sufficient to test all formations to the base of the Morrow formation, Undesignated South Morrow-Empire Gas Pool. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately ____ miles _____ of _____, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 15, 1996

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HAND-DELIVERED

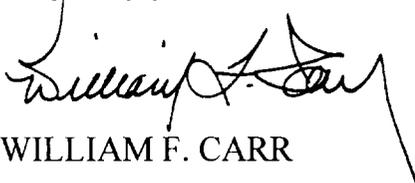
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Paycheck
Santa Fe, New Mexico 87503

Re: Application of ARCO Permian, a Division of Atlantic Richfield Company, for compulsory pooling and an unorthodox well location, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of ARCO Permian, a Division of Atlantic Richfield Company, in the above-referenced case as well as a legal advertisement. ARCO respectfully requests that this matter be placed on the docket for the November 7, 1996 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Lee M. Scarborough, (w/enclosures)

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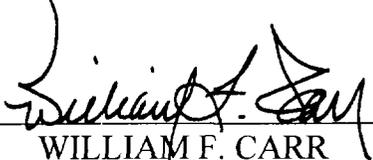
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