

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF ENRON OIL & GAS COMPANY
FOR COMPULSORY POOLING AND
SIMULTANEOUS DEDICATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

ENRON OIL & GAS COMPANY ("Enron"), 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 from the surface to the base of the Morrow formation underlying the S/2 of Section 32, Township 17 South, Range 30 East, in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SE/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; and the N/2 SE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing; and NW/4 SE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing; and in support thereof states:

1. Enron owns or represents more than 90% of the working interest in the S/2 of Section 32, on which it proposes to drill its Sand Tank "32" State Com. No. 2 Well, to the

Morrow formation, Sand Tank Morrow Gas Pool, at an orthodox location in the SE/4 of said Section 32 to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

2. Enron proposes to simultaneously dedicate this pooled acreage to the proposed Sand Tank "32" State Com No. 2 Well and the Sand Tank "32" State Com No. 1 Well located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 32 which is a marginal producing well from the Morrow formation.

3. Enron has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 32.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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

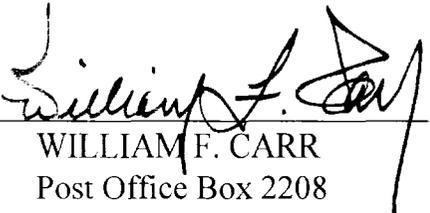
WHEREFORE, Enron Oil & Gas Company prays that this application be set for hearing before an Examiner of the Oil Conservation Division on May 1, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, for the drilling of the proposed Sand Tank "32" State Com. No. 2 including provisions designating Enron operator of the well and simultaneously dedicate the S/2 of said Section 32 to the proposed well and the Sand Tank "32" Well No. 1, and authorizing Enron to recover its costs

of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges. imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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ATTORNEYS FOR ENRON OIL & GAS
COMPANY

CASE 11770

Application of Enron Oil & Gas Company for compulsory pooling and simultaneous dedication, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, Sand Tank-Morrow Gas Pool, underlying the S/2 for all formations developed on 320-acre spacing, the SE/4 for all formations developed on 160-acre spacing; and the N/2 SE/4 for all formations developed on 80-acre spacing, and the NW/4 SE/4 for all formations developed on 40-acre spacing, Section 32, Township 17 South, Range 30 East, N.M.P.M. Applicant proposes to dedicate this pooled unit to its Sand Tank "32" State Com. No. 2 Well to be drilled at a standard location in the SE/4 of said Section 32. Also to be considered will 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.