

PADILLA & SNYDER

ATTORNEYS AT LAW

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ERNEST L. PADILLA
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FAX 988-7592
AREA CODE 505

April 11, 1989

RECEIVED

APR 11 1989

HAND-DELIVERED

OIL CONSERVATION DIVISION

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Case 9667

Re: Application of Midland Phoenix Corporation for
Unorthodox Location and Compulsory Pooling,
E/2 of Section 34, Township 24 South, Range 34
East, Lea County, New Mexico.

Dear Mr. Lemay:

On behalf of our client, Midland Phoenix Corporation, we are hereby submitting their application, in triplicate, for approval of an unorthodox location and compulsory pooling in the above-captioned area.

If you have any questions or need further information from us, please let us know.

Thank you for your consideration of this application.

Very truly yours,



Ernest L. Padilla

ELP:njp

Enclosures as stated

cc: Midland Phoenix Corporation

BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MIDLAND PHOENIX CORPORATION FOR
UNORTHODOX LOCATION AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

NO. 9667

APPLICATION FOR UNORTHODOX LOCATION
AND COMPULSORY POOLING

Applicant states:

1. Applicant is a working interest owner in the E/2 of Section 34, Township 24 South, Range 34 East, Lea County, New Mexico.
2. Applicant proposes to drill a well in an unorthodox location 660 FSL and 1980 FEL of said Section 34 to test the Atoka and Morrow Formations.
3. The proposed well is subject to the General Rules and Regulations of the Oil Conservation Division which provide for 320-acre spacing and proration units and for well locations not closer than 660 feet from the side boundary and 1980 feet from the end boundary of a spacing and proration unit.
4. The approval of the unorthodox location would be in the best interest of conservation of oil and gas and would not impair the correlative rights of offsetting operators and owners.
5. There are working interest owners in the E/2 of Section 34, the proposed proration unit, who have not consented

*Patricia J. ...
K...
...
Morrow*

to drill the well; Applicant proposes to compulsorily pool the interest of such non-consenting working interest owners from the surface of the earth to the base of the Morrow formation.

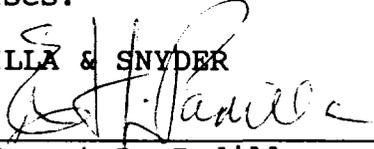
6. Any nonconsenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of the reasonable well costs, plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.
7. Applicant should be authorized to withhold from production a reasonable supervision charge, attributable to each nonconsenting working interest owner's proportionate share, during the drilling and production stages of the well.
8. 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, Applicant respectfully requests that after notice and hearing:

1. The Division approve the requested unorthodox location;

2. That upon hearing, the Division enter its order pooling all oil and gas mineral interests from the surface of the earth to the base of the Morrow formation;
3. And for such other relief as the Division may deem appropriate in the premises.

PADILLA & SNYDER

By: 

Ernest L. Padilla

Post Office Box 2523

Santa Fe, New Mexico 87504-2523

(505) 988-7577

Attorneys for Applicant

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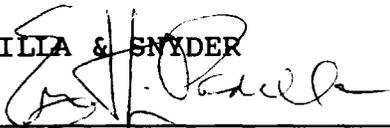
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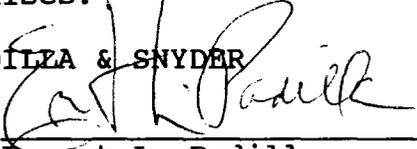
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