

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED

APPLICATION OF COASTAL OIL
& GAS CORPORATION FOR
COMPULSORY POOLING AND AN
UNORTHODOX LOCATION, LEA
COUNTY, NEW MEXICO

NOV 27 1984

No. 8435

OIL CONSERVATION DIVISION

APPLICATION

Coastal Oil & Gas Corporation hereby makes application for an Order granting an ^{see} unorthodox well location, and pooling all interests in the formations specified below, in the S $\frac{1}{2}$ of Section 6, Township 13 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is the working interest owner of certain interests in the S $\frac{1}{2}$ of Section 6, Township 13 South, Range 35 East, Lea County, New Mexico.

2. Applicant proposes to drill its Elkan (6) Com. #1 Well in the S $\frac{1}{2}$ of Section 6, at an unorthodox location 660 feet from the West line and 1650 feet from the South line of the Section, to test the Devonian formation. The S $\frac{1}{2}$ of Section 6 is to be dedicated to the well.

3. Applicant also desires to test the following formations which may be productive of oil:

- (a) The Atoka formation;
- (b) The Strawn formation;
- (c) The Wolfcamp formation; and
- (d) The Ranger Lake and Bough formations.

from the
Top of the
Wolfcamp
to the Base
of the ~~Atoka~~
Atoka formation
dedicated to the NW $\frac{1}{4}$ SW $\frac{1}{4}$

In each of the above formations, the NW $\frac{1}{4}$ SW $\frac{1}{4}$ would be dedicated to the well, and the well would be at a standard location thereon.

4. Applicant has in good faith sought to join all other owners of mineral interests in the S $\frac{1}{2}$ of Section 6 for the purposes set forth herein.

5. Although Applicant attempted to obtain voluntary agreements from all owners of mineral interests to participate in the drilling of the well or to otherwise commit their interests to the well, the mineral interest owners set forth below have refused to join in dedicating their acreage;

- a) Ike Lovelady, Inc.
P. O. Drawer 2666
Midland, Texas 79702
Attn: Mr. Douglas B. Keith III
- b) Flag-Redfern Oil Company
P. O. Box 11050
Midland, Texas 79702
Attn: Mr. John J. O'Brien, Jr.

Therefore, Applicant seeks an Order pooling all owners of mineral interests in all the formations specified above pursuant to N.M. Stat. Ann. § 70-2-17 (1978).

6. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty for the risk involved in drilling the well.

7. Approval of the unorthodox well location will be in the interests of conservation, the prevention of waste, and the protection of correlative rights.

8. The pooling of all interests in the formations and spacing units specified above will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. Applicant requests that this matter be heard at the December 19, 1984 Examiner hearing.



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

Agent for Coastal Oil
& Gas Corporation

DATED: November 27th, 1984