

January 29, 1985

RECEIVED
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 8494

Re: Sprinkle Federal No. 1 Well
Township 18 South, Range 32 East, NMPM
Section 26: N/2
Lea County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of TXO Production Corp. for Compulsory Pooling and an Unorthodox Location, Lea County, New Mexico. Also enclosed is an Affidavit of Mailing reflecting the mailing of a true copy of the Application to Joseph S. Sprinkle.

We ask that this matter be set for hearing before an Examiner and that we be furnished with a docket of said hearing.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvm
Enclosures

cc w/enclosures: Mr. Jeff Bourgeois

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR COMPULSORY :
POOLING AND AN UNORTHODOX LOCATION, :
LEA COUNTY, NEW MEXICO :
_____ :

CASE NO. 8494

APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of undivided interests in all formations from 4,825 feet beneath the surface through the base of the Morrow formation, underlying:

Township 18 South, Range 32 East, N.M.P.M.

Section 26: N/2

containing 320 acres, more or less, and proposes to drill its Sprinkle Federal No. 1 Well at a point located 660 feet from the north line and 660 feet from the west line of said Section 26, to a depth sufficient to test the Morrow formation.

2. The applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test all formations from 4,825 feet to the base of the Morrow formation.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 26 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. A standard 40-acre oil proration unit comprising NW/4 NW/4 of said Section 26 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil.

5. Joseph S. Sprinkle, P. O. Box 6483, Denver, Colorado, 80206, owns an undivided interest in the NW/4 of said Section 26, and has not agreed to pool his interest.

6. Applicant should be designated the operator of the well and the proration units.

7. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, from 4,825 feet through the base of the Morrow formation underlying N/2 Section 26 should be pooled as to such oil or gas proration units as may be established as productive.

8. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs,

plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

9. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

10. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from 4,825 feet through the base of the Morrow formation, underlying the N/2 Section 26, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, or such lesser portion as may be productive of oil and dedicated to applicant's well.

C. That upon hearing the Division enter its order granting applicant permission to drill its Sprinkle Federal No. 1

Well at a point 660 feet from the north line and 660 feet from the west line of said Section 26, and to dedicate the N/2 of said Section 26 to said well.

D. And for such other and further relief as may be just in the premises.

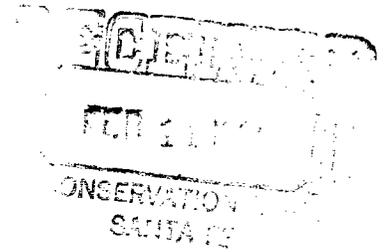
TXO PRODUCTION CORP.

By: 
Chad Dickerson

DICKERSON, FISK & VANDIVER
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant

February 8, 1985



Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case No. 8494
to be heard
2/27/85

Re: Sprinkle Federal No. 1 Well
Township 18 South, Range 32 East, NMPM
Section 26: N/2
Lea County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Amended Application of TXO Production Corp. for Compulsory Pooling and an Unorthodox Location, Lea County, New Mexico, which amends the Application sent to your office for filing on January 29th. Also enclosed is an Affidavit of Mailing reflecting the mailing of a true copy of the Amended Application to the parties who have not agreed to pool their interests.

Thank you.

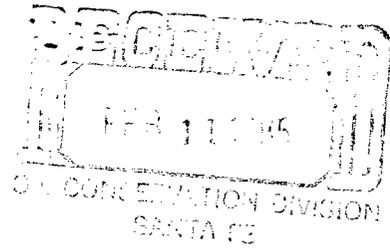
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Chad Dickerson

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Enclosures

cc w/enclosures: Mr. Jeff Bourgeois



BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR COMPULSORY :
POOLING AND AN UNORTHODOX LOCATION, :
LEA COUNTY, NEW MEXICO :
_____ :

CASE NO. 8494

AMENDED APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of undivided interests in all formations from 4,825 feet beneath the surface through the base of the Morrow formation, underlying:

Township 18 South, Range 32 East, N.M.P.M.

Section 26: N/2

containing 320 acres, more or less, and proposes to drill its Sprinkle Federal No. 1 Well at a point located 660 feet from the north line and 660 feet from the west line of said Section 26, to a depth sufficient to test the Morrow formation.

2. The applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test all formations from 4,825 feet to the base of the Morrow formation.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 26 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. A standard 40-acre oil proration unit comprising NW/4 NW/4 of said Section 26 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil.

5. There are interest owners in the proration unit who have not agreed to pool their interests. The parties who have not agreed to pool their interests, and their addresses are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Joseph S. Sprinkle	P. O. Box 6483 Denver, Colorado 80206
O. H. Berry	One Marienfield Place, Suite 188 Midland, Texas 79701
Lewis Burleson	P. O. Box 2479 Midland, Texas 79702
J. Cecil Rhodes	One Marienfield Place, Suite 388 Midland, Texas 79701

6. Applicant should be designated the operator of the well and the proration units.

7. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil and

gas in said unit, all mineral interests, whatever they may be, from 4,825 feet through the base of the Morrow formation underlying N/2 Section 26 should be pooled as to such oil or gas proration units as may be established as productive.

8. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

9. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

10. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from 4,825

feet through the base of the Morrow formation, underlying the N/2 Section 26, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, or such lesser portion as may be productive of oil and dedicated to applicant's well.

C. That upon hearing the Division enter its order granting applicant permission to drill its Sprinkle Federal No. 1 Well at a point 660 feet from the north line and 660 feet from the west line of said Section 26, and to dedicate the N/2 of said Section 26 to said well.

D. And for such other and further relief as may be just in the premises.

TXO PRODUCTION CORP.

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