

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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APR 2 1985  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF  
THE COMMISSIONER OF PUBLIC LANDS FOR  
THE STATE OF NEW MEXICO TO VACATE AND  
VOID DIVISION ORDER NO. R-7817.

Case No. 8564

The Commissioner of Public Lands for the State of New Mexico hereby applies to the Oil Conservation Division to amend the Commissioner's prior application to vacate Division Order No. R-7817 and respectfully requests that said division order be modified rather than vacated. In support of this application the Commissioner states that:

1. Division Order No. R-7817 was issued on February 8, 1985 after a hearing on January 16, 1985 to consider the application of TXO Production Company, which hearing was not attended by representatives of the Commissioner as the Commissioner was not served with notice of the hearing as required by Oil Conservation Division Rule of Procedure 1204.

2. Division Order No. R-7817 pools all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the S $\frac{1}{2}$  of Section 2, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit, which parcel of land includes within its boundaries unleased land held in trust by the State of New

Mexico, to wit, the SW $\frac{1}{4}$  and NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 2, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

3. Division Order No. R-7817 approves an unorthodox drilling location for a well to which said gas spacing and proration unit is to be dedicated.

4. Division Order No. R-7817 further provides that the unit operator shall commence drilling on or before the first day of May, 1985.

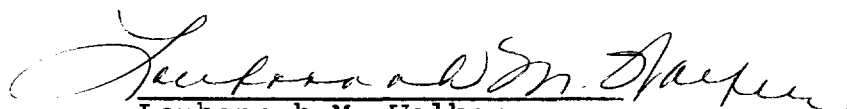
5. The Commissioner previously applied to vacate and void Division Order No. R-7817.

6. TXO Production Company has applied to maintain in effect that portion of Division Order No. R-7817 approving the unorthodox well location and to extend the date for commencing a well to August 1, 1985.

7. TXO Production Company and the Commissioner of Public Lands have stipulated, which stipulation has been filed with the Division, that TXO has no objection to the setting aside of that portion of Division Order No. R-7817 which pools all mineral interests in the above-described lands and that, the Commissioner shall have no objection to the approval of the unorthodox well location contained in Division Order No. R-7817 or to the extension of time in which to commence drilling as set out in the application of TXO, provided the compulsory pooling provision of Division Order No. R-7817 is set aside.

WHEREFORE, the applicant requests that the portion of Division Order No. R-7817 relating to compulsory pooling be set aside following republication of notice pursuant to Oil Conservation Division Rule of Procedure 1207.

Respectfully submitted,



Louhannah M. Walker  
Special Assistant Attorney  
General  
Attorney for Jim Baca,  
Commissioner of Public Lands  
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Santa Fe, NM 87504-1148  
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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION  
OF COMMISSIONER OF PUBLIC LANDS  
FOR THE STATE OF NEW MEXICO, TO  
VACATE AND VOID DIVISION ORDER  
R-7817 EDDY COUNTY, NEW MEXICO

*Case 8564*

A P P L I C A T I O N

Comes now COMMISSIONER OF PUBLIC LANDS FOR THE STATE OF NEW MEXICO,  
by and through the undersigned, and applies to the New Mexico Oil Conser-  
vation Commission for a Hearing to vacate and void Division Order R-7817  
and as grounds therefore states:

1. Commissioner of Public Lands for the State of New Mexico is an  
affected party in the New Mexico Oil Conservation Division Case 8454 which  
resulted in Division Order R-7817 being entered on February 8, 1985.

2. That Pursuant to Section 70-2-6 NMSA-1978, the Commission and  
Division have jurisdiction and authority over all matters relating to the  
conservation of oil and gas and the oil and gas operations in the State of  
New Mexico, including the subject property.

3. That pursuant to Division Order R-7817, the Division retained  
jurisdiction of this cause for the entry of such further orders as the  
Division may deem necessary.

4. At the time of Examiners Hearing on January 16, 1985, before  
Examiner Gilbert P. Quintana, there was no valid oil and gas lease in  
effect covering the SW $\frac{1}{4}$  and NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 2, T-22S, R-27E, NMPM Eddy  
County, New Mexico.

5. That at the time of Hearing, the fact that no valid oil and gas lease was in effect covering this acreage was not known to any of the parties involved in this Hearing nor was the fact known by the Commissioner of Public Lands nor the Examiner at the time of the Hearing.

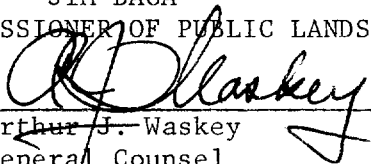
6. That in Order R-7817 that "any unsevered mineral interest shall be considered a seven-eighths(7/8ths) working interest and a one-eighth (1/8th) royalty interest for the purpose of allocating costs and charges under the terms of that Order.

7. That as of this date a new lease has not been issued to anyone by the Commissioner of Public Lands.

8. That any new lease on the foregoing acreage will be issued at a One-sixth (1/6th) royalty interest with a Five-sixth (5/6th) working interest for the purpose of allocating costs and charges.

9. That the Commissioner of Public Lands for the State of New Mexico was not aware of the fact that no lease existed on this acreage at the time of the Hearing or at the time the Order was issued.

WHEREFORE THE COMMISSIONER OF PUBLIC LANDS FOR THE STATE OF NEW MEXICO, requests that the Commission set aside this matter for hearing and that after the Hearing enter an Order vacating and setting aside Order R-7817.

JIM BACA  
COMMISSIONER OF PUBLIC LANDS  
By:   
Arthur J. Waskey  
General Counsel  
New Mexico State Land Office  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
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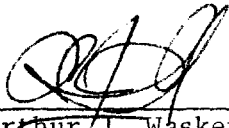
CERTIFICATE OF MAILING

I hereby certify that a true copy of the foregoing was mailed to the below named individual on the 2nd day of April, 19 85.

TXO Production Corp.  
722 Fidelity Union Tower  
Dallas, Texas 75201

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

By:

  
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Arthur J. Waskey  
General Counsel