

March 20, 1985

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

*Case 9365*

Re: Delta Fee No. 1 Well  
Township 22 South, Range 27 East, NMPM  
Section 2: S/2  
Eddy 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, Eddy County, New Mexico.

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. David Hundley

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, :  
EDDY COUNTY, NEW MEXICO :  
\_\_\_\_\_ :

CASE NO. 9569

APPLICATION

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

1. Applicant is the operator of all formations from  
the Wolfcamp through the Morrow formations, underlying:

Township 22 South, Range 27 East, N.M.P.M.

Section 2: S/2

containing 320 acres, more or less,  
and proposes to drill its Delta Fee No. 1 Well at a point located  
660 feet from the south line and 660 feet from the east line of  
said Section 2.

2. The applicant seeks an exception to the well loca-  
tion 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 the Wolfcamp formation to the base of the Morrow formation.

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

4. Santa Fe Energy Company, 500 West Illinois, Midland, Texas, 79701, owns an interest in the proration unit and has not agreed to pool its interest.

5. Applicant should be designated the operator of the well and the proration unit.

6. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense, his just and fair share of the gas in said unit, all mineral interests, whatever they may be, from the Wolfcamp formation through the base of the Morrow formation underlying S/2 Section 2 should be pooled.

7. 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.

8. 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.

9. 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 the Wolfcamp formation through the base of the Morrow formation, underlying the S/2 Section 2, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, to form a 320-acre spacing unit dedicated to applicant's well.

C. That upon hearing the Division enter its order granting applicant permission to drill its Delta Fee No. 1 Well at a point 660 feet from the south line and 660 feet from the east line of said Section 2, and to dedicate the S/2 of Section 2 to said well.

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

TXO PRODUCTION CORP.

By:   
Chad Dickerson

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Attorneys for Applicant