

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CONSOLIDATED OIL & GAS, INC.
TO AMEND DIVISION ORDER R-9033
WHICH PROVIDED FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

MAR 18 1991

CASE NO. 10955

A P P L I C A T I O N

Comes now CONSOLIDATED OIL & GAS, INC., by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order amending Order R-9033 which pooled all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 (equivalent) of Section 9, T32N, R6W, NMPM, San Juan County, New Mexico, forming a non-standard 279.40-acre spacing and proration unit dedicated to the Federal 9 #1 Well which was drilled by Richmond Petroleum Inc. at an unorthodox location within Unit A of said Section 9 and in support states:

1. Applicant, Consolidated Oil & Gas, Inc., ("Consolidated") is the successor in interest to Richmond Petroleum Inc. ("Richmond") and now has a working interest ownership in the oil and gas minerals underlying the E/2 of Section 9, T32N, R6W, NMPM, San Juan County, New Mexico.

2. On November 3, 1989, the Division issued Order R-9033 which granted the application of Richmond Petroleum Inc. in NMOCD Case 9745, designated Richmond Petroleum Inc. as operator and authorized the pooling of all mineral interest underlying the E/2 equivalent of said Section 9 in the Basin Fruitland Coal Gas Pool for the drilling of the Federal 32-6-9 #1 Well to be drilled at an unorthodox gas well location in Unit A of said Section 9.

3. Division records reflect that the following interested parties were pooled by this order:

- (a) Jerry L. Young and Donna M. Young
Box 421
Ignacio, Colorado 81137
- (b) Ralph O. Bogeberg and
Suzanne W. Bogeberg
address unknown
- (c) Southland Royalty Company
c/o Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499

4. Order R-9033 provided among other things that (a) the subject well should be commenced on or before January 1, 1990, unless extended by the Division Director; and (b) it should be completed within 120 days after commencing drilling.

5. On December 11, 1989, the Division granted Richmond's request for an extension of the drilling commencement date from January 1, 1990 to May 1, 1990.

6. On May 1, 1990, the Division granted a further extension of the commencement date to May 27, 1990.

7. On May 13, 1990, Richmond commenced the well and drilled to total depth on May 16, 1990, cased the wellbore and suspended operations awaiting completion of the well and installation of pipeline facilities.

8. On January 24, 1994, Consolidated acquired the interests of Richmond in this wellbore and this spacing unit and has assumed operations therein.

9. Consolidated seeks the following amendments to Order R-9033:

(a) that Ordering paragraph (1) be amended to designate Consolidated as operator;

(b) that a new deadline be established for the completion of the subject well which shall be not less than 120 days after the date of this order;

(c) that all parties previously pooled or to be now pooled shall be afforded an election to participate in this well by paying their proportionate share of actual and future costs;

(d) that any non-consenting party shall be subject to a 156% penalty;

(e) that the overhead rates shall be amended to provide for a \$3,500 per month drilling/completing rate and a \$350 per month producing rate; and

(f) for such other relief as is necessary to re-issue or otherwise affirm the validity of the subject pooling order.

10. Consolidated seeks to having this order apply to the following parties and interests:

PARTY

INTEREST

Jerry L. Young and Donna M. Young 20/279.40=0.07158196
Box 421
Ignacio, Colorado 81137

Edmund T. Anderson IV 10/279.40=0.03579098
Individually and as Trustee
of the Mary Anderson Boll Family Trust
2521 Humble
Midland, Texas 79705

Ralph O. Bogeberg and
Suzanne W. Bogeberg 10/279.40=0.03579098
(address unknown)

11. Consolidated has proposed the subject well to all parties but, as of the date of this application, Consolidated has not been able to obtain a voluntary agreement from all those parties.

12. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Consolidated needs an order of the Division pooling the mineral interests involved in order to protect correlative rights and prevent waste.

13. Pursuant to the Division's notice requirements, Consolidated has notified those parties identified this application for compulsory pooling and the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 14, 1994.

WHEREFORE, Consolidated, as applicant, requests that this application be set for hearing on April 14, 1994 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order amending Order R-9033 and pooling the mineral interest described in this spacing unit for drilling and completing the subject well upon terms and conditions which included that:

- (1) Consolidated be named as successor operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty to be determined by the Division;
- (4) The adoption of COPAS accounting procedures to apply to this well and its spacing unit;

(5) The adoption of appropriate provisions set forth in the A.A.P.L. Form 610 Joint Operating Agreement-1982; and

(6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin", written over the typed name below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285