

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12842
ORDER NO. R-11785**

**APPLICATION OF HUNTINGTON ENERGY, L.L.C. FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 21, 2002, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 20th day of June, 2002, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Huntington Energy, L.L.C., ("Applicant"), seeks an order pooling all uncommitted mineral interests from the base of the Dakota formation to the base of the Pennsylvanian formation underlying Section 15, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, in the following manner:

All of Section 15, forming a standard 640-acre spacing and proration unit (the "640-acre Unit") for all formations or pools spaced on 640 acres within this vertical extent;

The W/2, forming a standard 320-acre spacing and proration unit (the "320-acre Unit") for all formations or pools spaced on 320 acres within this vertical extent; and

The SW/4, forming a standard 160-acre spacing and proration unit (the "160-acre Unit") for all formations or pools spaced on 160 acres within this vertical extent.

(3) The above-described units (the "Units") are to be dedicated to Applicant's proposed Bandy Well No. 1 to be drilled as a wildcat well at a standard well location within the NE/4 SW/4 of Section 15. The well will be located 1750 from the South line and 1685 feet from the West line of Section 15.

(4) Two or more separately owned tracts are embraced within each of the Units, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in each of the Units that are separately owned.

(5) Applicant is an owner of an oil and gas working interest within each of the Units. Applicant has the right to drill and proposes to drill its Bandy Well No. 1 (the "proposed well") to a common source of supply at a standard well location within the NE/4 SW/4 of Section 15.

(6) Applicant presented evidence demonstrating that the entire working interest in all of the Units has been voluntarily pooled. However, there are royalty owners in each of the proposed units who have not agreed to pool their interests, and the applicable leases do not include "pooling clauses" authorizing the owners of the working interest to commit the royalty interest to voluntary pooling.

(7) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Units the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted mineral interests, whatever they may be, within the Units.

(8) Applicant should be designated the operator of the proposed well and of the Units.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Huntington Energy, L.L.C., all uncommitted mineral interests from the base of the Dakota formation to the base of the Pennsylvanian formation underlying Section 15, Township 31 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, are hereby pooled, as follows:

- (a) All of Section 15, forming a standard 640-acre spacing and proration unit for all formations or pools spaced on 640 acres within this vertical extent;

- (b) The W/2, forming a standard 320-acre spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent; and
- (c) The SW/4, forming a standard 160-acre spacing and proration unit (the "160-acre Unit") for all formations or pools spaced on 160 acres within this vertical extent.

The Units shall be dedicated to Applicant's Bandy Well No. 1 to be drilled as a wildcat well at a standard location within the NE/4 SW/4 of Section 15. The well will be located 1750 from the South line and 1685 feet from the West line of Section 15.

(2) The operator of the Units shall commence drilling the proposed well on or before September 30, 2002, and shall thereafter continue drilling the well with due diligence to test the Pennsylvanian formation.

(3) In the event the operator does not commence drilling the proposed well on or before September 30, 2002, Ordering Paragraph (1) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause.

(4) Should the proposed well not be drilled to completion, or be abandoned, within 120 days after commencement thereof, the operator shall appear before the Division Director and show cause why Ordering Paragraph (1) should not be rescinded.

(5) Applicant is hereby designated the operator of the proposed well and of the Units.

(6) All proceeds from production from the well that are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The operator shall notify the Division of the name and address of the escrow agent within 30 days from the date of first deposit with the escrow agent.

(7) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(8) The operator of the well and Units shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(9) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

SEAL