



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

October 18, 1985

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Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 8437
ORDER NO. R-7796-B

Applicant:

LeFlore Oil and Gas, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD _____

Other James Bruce

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8457
Order No. R-7796-B

APPLICATION OF LEFLORE OIL
AND GAS, INC. TO REOPEN
CASE NO. 8457, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1985, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 17th day of October, 1985, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, LeFlore Oil and Gas, Inc. ("LeFlore"), seeks an order reopening Case No. 8457.

(3) Case No. 8457 originally came on for hearing before an examiner for the Oil Conservation Division on January 30, 1985, upon the application of Amerind Oil Company ("Amerind") seeking an order pooling all mineral interests in the Strawn formation underlying the W/2 NE/4 of Section 28, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

(4) Proper notice of Case No. 8457 was given to all parties interested therein.

(5) On January 30, 1985, the Oil Conservation Division issued Order No. R-7796 pooling all mineral interests in the Strawn formation underlying the W/2 NE/4 of Section 28,

Case No. 8457
Order No. R-7796-B

Township 16 South, Range 37 East, NMPM, Lea County, New Mexico. Order No. R-7796 authorized Amerind to form a standard 80-acre oil spacing and proration unit to be dedicated to a well drilled at an orthodox location.

(6) At the time of the hearing Shell Western Exploration & Production, Inc. ("Shell") was an interest owner who had not agreed to join in the drilling of the proposed well.

(7) Shell did not enter an appearance at the original hearing of Case No. 8457.

(8) Shell's interest underlying the W/2 NE/4 of said Section 28 was validly pooled by Order No. R-7796.

(9) Pursuant to paragraph (3) of Order No. R-7796, Amerind furnished copies of Order No. R-7796 and an itemized schedule of estimated well costs (an "AFE") to Shell by letter dated March 26, 1985.

(10) By letter dated April 26, 1985, Shell notified Amerind that it had farmed out its interest in the W/2 NE/4 of Section 28 to LeFlore and informed Amerind that LeFlore wished to participate in the well located on the W/2 NE/4 of said Section 28.

(11) LeFlore seeks the reopening of Case No. 8457 upon allegations that LeFlore was improperly denied an opportunity to voluntarily participate in the drilling of a well on a unit compulsorily pooled under the order entered in this case, the failure of Amerind to give LeFlore notice of a request for extension of time to begin the well upon said unit, and the failure of Amerind to commence the well on said unit by the initial "expiration of time to commence" date contained in said order.

(12) LeFlore acquired its interest from Shell subject to Order No. R-7796 and the AFE furnished to Shell.

(13) Neither Shell nor LeFlore paid their appropriate share of estimated well costs to Amerind within the time period provided in said Order No. R-7796.

(14) If LeFlore was denied an opportunity to voluntarily join in the drilling of the well on said unit, such denial resulted from the timing of their acquisition of the farmout from Shell or their lack of understanding of the terms and provisions of Division Order No. R-7796 and not from any action by Amerind which would be improper under said order.

(15) Order No. R-7796 provides in Ordering Paragraph No. (1) that the drilling of a well on the W/2 NE/4 of Section 28 was to be commenced on or before May 1, 1985, "unless [Amerind] obtains a time extension from the Division for good cause shown."

(16) No party objected to said provisions of Ordering Paragraph No. (1) or sought a de novo hearing on this issue within the time period provided by law.

(17) Pursuant to the terms of Order No. R-7796, and by letter dated April 11, 1985, Amerind sought a time extension to commence drilling its Carter Well No. 2 on the above described spacing and proration unit from the Division.

(18) By letter dated April 15, 1985, the Oil Conservation Division granted Amerind an extension of time until July 1, 1985, to commence drilling the well, pursuant to the time extension provisions of Order No. R-7796.

(19) By Case No. 8587, Amerind sought an amendment of Division Order No. R-7796 to change the proposed location of the Carter Well No. 2 to an unorthodox oil well location 1330 feet from the North line and 1980 feet from the East line of said Section 28. Notice of Case No. 8587 was given according to the rules of the Division.

(20) Case No. 8587 was heard by the Division on May 8, 1985.

(21) On May 14, 1985, the Division issued Order No. R-7796-A, amending Order No. R-7796 to provide for a non-standard location. All other provisions of Order No. R-7796 remained in effect.

(22) Amerind commenced drilling the Carter Well No. 2 before July 1, 1985, and timely drilled and completed the well.

(23) Amerind complied with the terms and conditions of the unchallenged Division Order No. R-7796 in seeking and receiving an extension of time in which to commence a well upon said compulsorily pooled unit.

(24) Proper notice was given to all parties at the initiation of Case No. 8457, all actions by Amerind were in compliance with the terms and provisions of the resulting order (Order No. R-7796), no party appealed such terms, and Case No. 8457 should therefore not be reopened.

(25) The application of LeFlore to reopen Case No. 8457 should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of LeFlore Oil and Gas, Inc. to reopen Case No. 8457 is hereby denied.

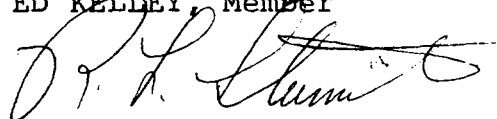
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member


ED KELDEY, Member


R. L. STAMETS, Chairman and
Secretary



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