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

IN THE MATTER OF THE
APPLICATION OF MALLON
OIL COMPANY FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 9458

APPLICATION

Comes now the Applicant, Mallon Oil Company, by and through its attorneys, Montgomery & Andrews, P.A., and applies to the Oil Conservation Division for an order pooling all mineral interests in the Bell Canyon, Cherry Canyon and Brushy Canyon formations underlying the NW 1/4 of the SW 1/4 of Section 27, Township 26 South, Range 29 East, Eddy County, New Mexico.

In support thereof, Applicant states that:

1. It is the owner of a mineral interest underlying the NW 1/4 of the SW 1/4 of Section 27, Township 26 South, Range 29 East, Eddy County, New Mexico, and as such an interest owner has the right to and desires to drill a well to test the Bell Canyon, Cherry Canyon and Brushy Canyon formations underlying this acreage.

2. That Applicant seeks the compulsory pooling of the NW 1/4 of the SW 1/4 of this Section to form a standard 40-acre spacing and proration unit for a well to be drilled as standard location, and in accordance therewith, Applicant has:

A. Sought voluntary agreement with other mineral interest owners underlying said NW 1/4 of the SW 1/4 to form a standard spacing and proration unit for a well to be drilled at a standard location thereon.

B. Been unable to obtain a volunteer agreement with other mineral interest owners in the NW 1/4 of the SW 1/4 of Section 27.

3. Because Applicant is a party with a right to drill a well within this quarter quarter Section and has been unable to obtain voluntary agreement, Applicant prays that the Division enter its order pooling all mineral interests in the Bell Canyon, Cherry Canyon and Brushy Canyon formations underlying this quarter quarter Section to form a standard 40-acre spacing and proration unit.

4. Applicant further prays that it be named as operator of the well; that the Division enter its order establishing reasonable well costs for well to be drilled to test these formations; that the Division determine the reasonable administrative and overhead charges during the drilling and operation of this well; and that the Division allow Applicant as operator of the well to collect the maximum statutorily authorized penalty of 200% plus a proportionate share of costs against any interest owner which does not participate in the drilling of the well.

5. Pursuant to division notice requirements, Applicant has notified the Red Bluff Water Power Control District which is the only other mineral interest owner within this quarter quarter Section of its application for compulsory pooling, and of Applicant's request for a hearing before the Division's hearing examiner at its regularly scheduled hearing on August 17, 1988.

WHEREFORE, Applicant requests that this Application be set for hearing and that after notice and hearing, its requested relief be granted.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 
W. Perry Pearce
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Attorneys for Applicant

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