

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8894
Order No. R-8071-A

APPLICATION OF HCW EXPLORATION, INC.
FOR THE AMENDMENT OF DIVISION ORDER
NO. R-8071, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 14, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of July, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises.

FINDS THAT:

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

(2) By Order No. R-8071, dated November 19, 1985, the Division pooled all mineral interests in any gas pools down to and including the Jalmat Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, and designated HCW Exploration Inc, as the operator of said acreage.

(3) The applicant, HCW Exploration, Inc., seeks the amendment of Division Order No. 8071, to include a provision pooling all mineral interests in the Jalmat Oil Pool underlying the SE/4 SE/4 (Unit P) of Section 27, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

(4) Under the provisions of Order No. R-8071, the applicant has drilled its George Etz No. 6 Well located 660 feet from the South and East lines of said Section 27, and has completed said well as an oil well in the Jalmat Pool.

(5) The ownership under the SE/4 and the SE/4 SE/4 of said Section 27 is identical.

(6) Doyle Hartman, an interest owner in the SE/4 of said Section 27, appeared at the hearing and objected to the proposed amendment and to the granting of HCW Exploration, Inc.'s original pooling application in Case No. 8604, which resulted in Division Order No. R-8071.

(7) It is the contention of Doyle Hartman that he was not given sufficient opportunity by the applicant to voluntarily join in the drilling of the well prior to the original hearing held on October 17, 1985.

(8) Evidence from the hearing held on October 17, 1985 shows that the applicant attempted to obtain a voluntary agreement with Mr. Hartman prior to filing an application with the Division for compulsory pooling.

(9) Evidence further shows that Mr. Hartman was informed of the hearing prior to the hearing date of October 17, 1985, and had the opportunity to appear and object to the original application but failed to do so.

(10) There is no evidence to support Mr. Hartman's claim that he did not have sufficient opportunity to voluntarily join in the drilling of the applicant's George Etz No. 6 Well.

(11) The proposed amendment does not affect Mr. Hartman's percentage interest under said George Etz Well No. 6.

(12) There is no basis for the objection by Doyle Hartman to the applicant's proposed amendment.

(13) The proposed amendment should afford the applicant the opportunity to produce his share of oil from the Jalmat Pool, protect correlative rights and prevent waste, and should be approved.

(14) By Division Order No. R-8071, the applicant was further given approval for a non-standard 160-acre gas proration unit consisting of the SE/4 of said Section 27 under the assumption that the proposed well would be completed as a gas well.

(15) As the George Etz No. 6 Well has been completed as an oil well having a 40-acre dedication, Ordering Paragraph No. (2) of Division Order No. R-8071 authorizing a 160-acre non-standard proration unit should be amended to reflect the dedication instead of a standard 40-acre proration unit consisting of the SE/4 SE/4 of said Section 27 to the well.

(16) All other provisions contained in Division Order No. R-8071 should remain in full force and effect including the risk penalty and overhead rates charged to the non-consenting working interest owners.

IT IS THEREFORE ORDERED THAT:

(1) Decratory Paragraph No. (1) of Division Order No. R-8071 is hereby amended to read as follows:

" All mineral interests, whatever they may be, in the Jalmat Oil Pool underlying the SE/4 SE/4 (Unit P) of Section 27, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to a well drilled at a standard location thereon."

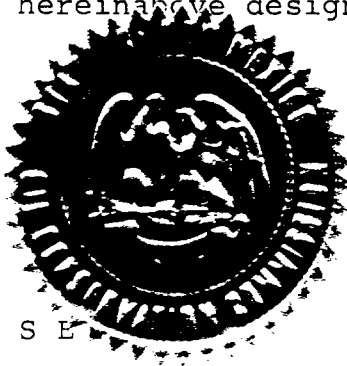
(2) Decratory Paragraph No. (2) of Division Order No. R-8071 is hereby amended to read as follows:

" A standard 40-acre oil proration unit in the Jalmat Pool consisting of the SE/4 SE/4 (Unit P) of said Section 27 shall be dedicated to the well."

(3) All other provisions contained in Division Order No. R-8071 shall remain in full force and effect.

(4) Jurisdiction of this cause 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

R. L. Stamets
R. L. STAMETS,
acting Director