

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY AND UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO.

Case: 9272

A P P L I C A T I O N

COMES NOW MITCHELL ENERGY CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests below the top of the Wolfcamp formation underlying the N/2 of Section 3, T15S, R35E, NMPM, forming a 324.08 acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent, and for the approval of an unorthodox gas well location 660 feet FNL and 1830 feet FWL of said Section. Said well to be drilled at an approximate total depth of 14,700 feet. Applicant further seeks an order pooling all mineral interests in the East Morton Wolfcamp Oil Pool underlying the N/2NW/4 of said Section 3 forming a 42.8 acre oil spacing and proration unit. Applicant further seeks an order pooling all mineral interests in the Devonian formation underlying the NE/4NW/4 of said Section 3 forming a 41.3

acre oil spacing and proration unit, and should production from the subject well justify said result, then in the alternative, for the pooling of all mineral interests in the Devonian formation underlying the N/2NW/4 of said Section 3, forming a 82.8 acre oil spacing and proration unit, and in support thereof would show the Division:

1. Applicant has obtained the voluntary consent of a majority of the various working interests underlying the N/2 of Section 3, T15S, R35E, Lea County, New Mexico authorizing applicant to drill the subject well.

2. Applicant has sought either voluntary agreement for pooling or farmout from the remaining mineral or working interest owners in the applicable spacing and proration units but has been unable to obtain a voluntary agreement from the following:

<u>NAME</u>	<u>N/2 Unit</u>	<u>N/2NW/4 Unit</u>	<u>NE/4/NW/4 Unit</u>
ARCO Oil & Gas Company P. O. Box 1610 Midland, Texas 79702 Attn: Ms. Rita Buress	.0313965	.0625	.0625
Mr. Douglas Cone P. O. Box 13612 Albuquerque, NM 87192	.00625	.00625	.00625
Mr. Clifford Cone P. O. Box 6010 Lubbock, Texas 79408	.00625	.00625	.00625
Mr. Kenneth Cone P. O. Box 11310 Midland, Texas 79702	.00625	.00625	.00625

Mr. Ronald J. Byers .0104167 .0104167 .0104167
1600 United Bank Tower
400 W. 15th Street
Austin, Texas 78701

Kanab Operating Company, Ltd. .2281226 .2255306 .2255306
400 Wilco Blvd.
Midland, Texas 79701

Estate of William Thomas .0104167 .0104167 .0104167
Reed, deceased,
c/o Mr. James Reed McCrory
P. O. Box 25764
Albuquerque, New Mexico 87215

3. That the applicant purposes to drill the subject well at an unorthodox gas well location 660 feet FNL and 1830 feet FWL of said Section 3 which is 150 feet towards the adjoining Section 4 operated by Samedan Oil Corporation, 10 Desta Drive, Suite 240 East, Midland, Texas 79705.

4. Pursuant to Division notice requirements, applicant has notified all the parties listed in paragraph 2 and 3 above of this application for compulsory pooling and an unorthodox well location and the applicant's request for a hearing before the Division to be set on December 2, 1987.

5. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, and that the order make provisions for applicant to recover out of production its costs of drilling the subject well at an unorthodox location, completing and equipping it, costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling of the well, for such other and further relief as may be proper.

Respectfully submitted,



By
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