

**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. 12773  
ORDER NO. R-11735**

**APPLICATION OF KUKUI OPERATING COMPANY FOR COMPULSORY POOLING  
AND ESTABLISHMENT OF A NON-STANDARD UNIT, LEA COUNTY, NEW  
MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on January 10, 2002 and February 21, 2002, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 28th day of February, 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) KUKUI Operating Company, ("Applicant"), seeks an order pooling all uncommitted mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 6, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, in the following manner:

Lots 1, 2, 7, 8, 9, 10, 15 and 16, forming a non-standard 329.83-acre gas spacing and proration unit (the "Unit") for all formations or pools spaced on 320 acres within this vertical extent, which presently include, but are not necessarily limited to, the Undesignated North Eidson-Morrow Pool.

(3) Applicant further seeks approval of a non-standard 329.83-acre gas spacing and proration unit consisting of the lands described above.

(4) The above-described unit (the Unit) is to be dedicated to Applicant's proposed DeGas 6 State Com. Well No. 1 to be drilled at a standard gas well location within Lot 8 (Unit H) of Section 6, being 1980 feet from the North line and 800 feet from the East line of said section.

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

