

June 29, 2004

13303

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director - Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2004 JUN 29 PM 4 58

Re: Application of Pure Resources, L.P. for Compulsory Pooling
Lea County, New Mexico.
Madera "24" Federal Well No. 1

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Pure Resources, L.P. in the above-referenced case, as well as a copy of the docket advertisement. Pure Resources requests that this matter be placed on the docket for the July 22, 2004, Examiner hearings.

Sincerely,



Michael H. Feldewert

MHF:jlj

Enclosures

cc: Robert Ready
Pure Resources, L.P.

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

**IN THE MATTER OF THE APPLICATION
OF PURE RESOURCES, L.P. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 13303
2009 JUN 29 PM 4:58

APPLICATION

PURE RESOURCES, L.P., through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. 70-2-17, (1978), for an order pooling all uncommitted mineral interests in all formations from the surface) to the base of the Pennsylvanian formation underlying the W/2 of Section 24, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent. In support of this application Pure Resources states:

1. Pure Resources is a working interest owner in the W/2 of said Section 24 and has a right to drill thereon.
2. Pure Resources proposes to dedicate the above-referenced spacing or proration unit to its Madera "24" Federal Well No.1 to be drilled as a wildcat gas well at a standard location in Unit M of the SW/4 of said Section 24, at a point 1310 feet from the south line and 1310 feet from the west line to a depth sufficient to test the Morrow formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from the parties set forth on Attachment A.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas

underlying the subject lands, all mineral interests should be pooled, and Pure Resources, L.P. should be designated the operator of the well to be drilled.

WHEREFORE, Pure Resources requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 22, 2004, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating Pure Resources, L.P. operator of the unit and the well to be drilled thereon,
- C. authorizing Pure Resources to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in the drilling of these additional wells.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert
P.O. Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

ATTORNEYS FOR PURE RESOURCES,
L.P.

ATTACHMENT A

**APPLICATION OF PURE RESOURCES, L.P.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Madera "24" Well No. 1

Howard Walsh
500 West 7th Street
Suite 1007
Fort Worth, TX 76102-4773

Ed Davis
P.O. Box 3065
Odessa, TX 79760

Peter S. Anderson
2812 Sierra Canyon Way
Hacienda Heights, CA 91745-6526

John M. McCormack
1303 Campbell
Houston, TX 77055

CASE 13303:

Application of Pure Resources, L.P. for compulsory pooling, Lea County, New Mexico. Applicant ~~in the above-styled cause~~ seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pennsylvanian formation ^{in the SW/4 of} in the W/2 of Section 24, Township 26 South, Range 34 East, ~~N.M.P.M.~~ ^{to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320 acres within that vertical extent.} Said unit is to be dedicated to applicant's proposed Madera "24" Federal Well No. 1 to be drilled as a wildcat gas well at a standard location in ^{the} SW/4 (Unit M) ^{of} said Section 24, at a point 1310 feet from the South line and 1310 feet from the West line to a depth sufficient to test the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 18 miles southwest of Jal, New Mexico.