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May 13, 2003

Hand Delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 13082*

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Concho Oil & Gas Corp. Please set this matter for the June 5, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Concho Oil & Gas Corp.

**RECEIVED**

MAY 13 2003

Oil Conservation Division

PARTIES BEING POOLED

Magnum Hunter Production, Inc.  
P.O. Box 140907  
Irving, Texas 75039

RECEIVED

MAY 13 2003

Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CONCHO OIL & GAS  
CORP. FOR COMPULSORY POOLING AND  
APPROVAL OF AN UNORTHODOX GAS WELL  
LOCATION, LEA COUNTY, NEW MEXICO.

Case No. 13082

APPLICATION

Concho Oil & Gas Corp. applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying the N $\frac{1}{2}$  of Section 28, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and for approval of an unorthodox gas well location, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$  of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Codorniz Fed. "28" Well No. 1, at a location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of the section, and seeks to dedicate the following acreage to the well:

(a) The NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 28 for all pools or formations developed on 40 acre spacing within that vertical extent, including the South Quail Ridge-Yates Pool, Undesignated West Pearl-Seven Rivers Pool, Undesignated Quail Ridge-Bone Springs Pool, and Undesignated South Quail Ridge-Bone Spring Pool;

(b) The NW $\frac{1}{4}$  of Section 28 for all pools or formations developed on 160 acre spacing within that vertical extent, including the Undesignated Quail Ridge-Yates Gas Pool and Undesignated San Miguel-Seven Rivers Gas Pool; and

(c) The N $\frac{1}{2}$  of Section 28 for all pools or formations developed on 320 spacing within that vertical extent,

including the Quail Ridge-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the N½ of Section 28 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the N½ of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The location of the proposed well is unorthodox in the Morrow formation under the special rules for the Quail Ridge-Morrow Gas Pool, as provided in Order No. R-3890.

6. The pooling of all mineral leasehold interests underlying the N½ of Section 28, and approval of the unorthodox gas well location in the Morrow formation, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral leasehold interests in the N½ of Section 28, from the surface to the base of the Morrow formation;

B. Approving the unorthodox gas well location in the Morrow formation;

C. Designating applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;

E. Approving actual operating charges and supervision costs, together with a provision adjusting those rates as provided in the COPAS accounting procedure; and

F. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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James Bruce  
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(505) 982-2043

Attorney for Concho Oil & Gas Corp.