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February 22, 2005

Via fax and U.S. Mail

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

*Case 13450*

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of OGX Resources LLC. Please set this matter for the March 17, 2005 Examiner hearing. Thank you.

The advertisement has also been e-mailed to the Division.

Very truly yours,



James Bruce

Attorney for OGX Resources LLC

PARTIES BEING POOLED

Jessie Pearl Butz  
Address unknown

Lyle R. Butz  
Address unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OGX RESOURCES  
LLC FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 13450

APPLICATION

OGX Resources LLC applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 19, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 19, and has the right to drill or re-enter a well thereon.

2. Applicant has re-entered the Pardue 19 Fed. Com. Well No. 1, located 1980 feet from the south line and 660 feet from the east line (Unit I) of Section 19, and has dedicated the E½ of Section 19 to the well to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 spacing within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 19 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral 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 interest owners in the E½ of Section 19, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 19 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 interests in the E½ of Section 19 from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for OGX Resources LLC

Proposed Advertisement

**Case 13450: Application of OGX Resources LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 19, Township 24 South, Range 28 East, N.M.P.M., to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent. The unit is dedicated to the Pardue 19 Fed. Com. Well No. 1, located 1980 feet from the south line and 660 feet from the east line of Section 19. Also to be considered will be the cost of re-entering and completing the 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 200% charge for the risk involved in re-entering and completing the well. The unit is located approximately 3½ miles southwest of Malaga, New Mexico. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.