

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

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March 29, 2011

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

Case 14640

Dear Florene:

Enclosed for filing, on behalf of Burnett Oil Co., Inc., is an application for compulsory pooling, together with a proposed advertisement. Please set this matter for the April 28, 2011 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Burnett Oil Co., Inc.

Parties Being Pooled

COG Operating LLC  
Suite 100  
550 West Texas  
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF BURNETT OIL CO.,  
INC. FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

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Case No. 14640

APPLICATION

Burnett Oil Co., Inc. applies for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

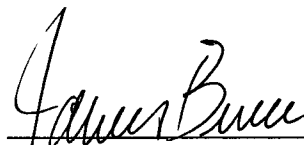
1. Applicant is an operator in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, and has the right to drill a well thereon.
2. Applicant proposes to drill its Nosler Fed. Well No. 2, at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, to a depth sufficient to test the Glorieta-Yeso formation. Applicant seeks to dedicate the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24 to the well to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40-acre 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 SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24 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 SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24 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 SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, from the surface to the base of the Glorieta-Yeso formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Burnett Oil Co., Inc.

PROPOSED ADVERTISEMENT

Case No. 14640:

***Application of Burnett Oil Co., Inc. for compulsory pooling, Eddy County, New Mexico.***

Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SW/4SW/4 of Section 24, Township 17 South, Range 31 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent. The unit is to be dedicated to the proposed Nosler Fed. Well No. 2, to be drilled at an orthodox location in the SW/4SW/4 of Section 24. Also to be considered will be the cost of drilling 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 drilling and completing the well. The unit is located approximately 9 miles east of Loco Hills, New Mexico.

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