

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

RECEIVED OCD

2010 FEB -2 P 3: 05

February 2, 2010

Hand delivered

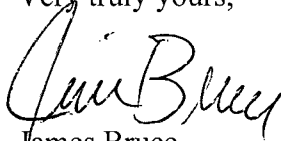
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14437

Dear Florene:

Enclosed for filing, on behalf of Chase Oil Corporation, are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the March 4, 2010 Examiner hearing.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

OXY USA WTP Limited Partnership
5 Greenway Plaza
Houston, Texas 77046

Attention: Robbie Abraham
Land Department

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CHASE OIL CORPORATION
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

RECEIVED OCD

2010 FEB -2 P 3:05

Case No. 14437

APPLICATION

Chase Oil Corporation applies for an order (i) approving a non-standard oil spacing and proration unit in the Abo/Wolfcamp formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 36, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 36, and has the right to drill a well thereon.
2. Applicant proposes to drill its Snowball State Com. Well No. 1, to a depth sufficient to test the Abo/Wolfcamp formation, and seeks to dedicate the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 36 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location 355 feet from the north line and 330 feet from the east line, and a terminus 355 feet from the north line and 330 feet from the west line, of Section 36.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 36 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.

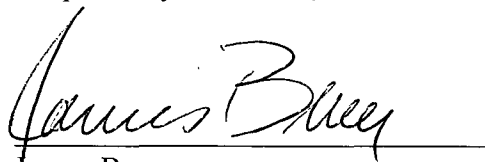
Therefore, applicant seeks an order pooling all mineral interest owners in the N½N½ of Section 36, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit, and the pooling of all mineral interests underlying the N½N½ of Section 36, 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. Approving a non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N½N½ of Section 36;
- B. Pooling all mineral interests in the N½N½ of Section 36 in the Abo/Wolfcamp formation;
- C. Designating Mack Energy Corporation as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,


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

Attorney for Chase Oil Corporation

PROPOSED ADVERTISEMENT

Case No. 14437 :

Application of Chase Oil Corporation for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Chase Oil Corporation seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N/2N/2 of Section 36, Township 16 South, Range 27 East, NMPM, and pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Snowball State Com. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the NE/4NE/4, with a terminus at an orthodox location in the NW/4NW/4, of Section 36. 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 Mack Energy Corporation as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 10 miles east-northeast of Artesia, New Mexico.

RECEIVED OCD
2010 FEB -2 P 3:05