

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF NAUMANN OIL & GAS, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11553

APPLICATION

NAUMANN OIL & GAS, INC. ("Naumann"), 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 mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 31, Township 17 South, Range 30 East, in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SE/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the W/2 SE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing; and the SW/4 SE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, and in support thereof states:

1. Naumann is a working interest owner in the S/2 of Section 31, on which it proposes to drill its Sand Tank Federal Com No. 1 Well to the Morrow formation, at an orthodox location 660 feet from the South line and 2220 feet from the East line of Section

31 to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

2. Naumann has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 31.

3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit Naumann to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well.

WHEREFORE, Naumann Oil & Gas, Inc. prays that this application be set for hearing before an Examiner of the Oil Conservation Division on June 27, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Naumann operator of the S/2 of said Section 31, and authorizing Naumann to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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