

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF NM&O OPERATING
COMPANY FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 11751

APPLICATION

NM&O Operating Company hereby applies for an order pooling all mineral interests in the Mesaverde formation underlying the S½ of Section 26, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S½ of said Section 26, and has the right to drill and operate a well thereon.

2. Applicant has re-completed its Gavilan Well No. 2, located at an orthodox location 1827 feet from the South line and 1846 feet from the East line of the section, in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool), and seeks to dedicate the S½ of Section 26 thereto.

3. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the S½ of Section 26 for the purposes set forth herein.

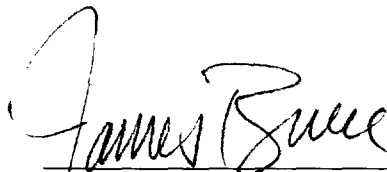
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the recompletion of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Applicant seeks an order pooling all mineral interest owners in the S½ of Section 26, as to the Mesaverde formation, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pam.).

5. The pooling of all interests in the Mesaverde formation underlying the S½ of Section 26 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 Mesaverde formation underlying the S½ of Section 26;
- (b) Designating applicant as operator of the well;
- (c) Considering the cost of recompleting the well, and allocating the cost thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;
- (e) Setting a penalty for the risk involved in recompleting the well in the event a working interest owner elects not to participate in the well; and
- (f) Granting such further relief as the Commission deems proper.

Respectfully submitted,



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PROPOSED ADVERTISEMENT

Case 11751: Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S½ of Section 26, Township 25 North, Range 2 West, NMPM. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting said 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 charge for the risk involved in recompleting the well. Said unit is located approximately 4.5 miles North-Northeast of Lindrith, New Mexico.