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11832

July 29, 1997

Via Fax

Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of UMC Petroleum Corporation, are an application for compulsory pooling and a proposed advertisement. Please set this application for the August 21st hearing. Thank you.

Very truly yours,


James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF UMC PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

No. 11832

APPLICATION

UMC Petroleum Corporation applies for an order pooling all mineral interests from the top of the Strawn clastics to the base of the Woodford formation underlying the W $\frac{1}{2}$ of Section 10, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$ of said Section 10, and has the right to drill a well thereon.

2. Applicant proposes to drill its Carlisle State Com. Well No. 1, at an orthodox location, to a depth sufficient to test the Mississippian system, and seeks to dedicate the W $\frac{1}{2}$ of Section 10 to the well for all pools or formations spaced on 320 acres, including the Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 10 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 W½ of Section 10, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pam.).

5. The pooling of all mineral interests underlying the W½ of Section 10 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 W½ of Section 10, from the top of the Strawn clastics to the base of the Woodford formation;
- (b) Designating applicant as operator of the well;
- (c) Considering the cost of drilling and completing 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 drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- (f) Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
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(505) 982-2043
Attorney for UMC Petroleum Corporation

PROPOSED ADVERTISEMENT

Case 11832: Application of UMC Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Strawn clastics to the base of the Woodford formation underlying the W $\frac{1}{2}$ of Section 10, Township 16 South, Range 35 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool. Said unit is to be dedicated to applicant's Carlisle State Com. Well No. 1, located at an orthodox said Section 10. Also to be considered will be the cost of drilling and completing 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 drilling and the well. Said unit is located approximately 6 miles West-Southwest of Lovington, New Mexico.