

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

11959

March 10, 1998

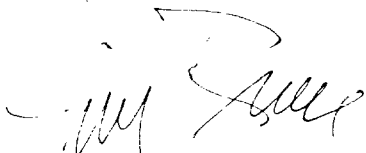
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Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of a compulsory pooling application, together with a proposed advertisement, filed on behalf of UMC Petroleum Corporation. Please set this matter for the April 2, 1998 Examiner hearing.

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. 11959

APPLICATION

UMC Petroleum Corporation applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the S $\frac{1}{4}$ of irregular Section 2, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, as described below, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{4}$ of said Section 2, and has the right to drill a well thereon.

2. Applicant proposes to drill its Townsend State Com. Well No. 6, at an orthodox location 990 feet from the South line and 1650 feet from the West line of the section, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the S $\frac{1}{4}$ of Section 2 to the well for all pools or formations spaced on 320 acres, including the Undesignated 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 S $\frac{1}{4}$ of Section 2 for the purposes set forth herein.

4. Although Applicant has 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 S½ of Section 2, pursuant to NMSA 1978 §70-2-17 (1995 Repl.).

5. The pooling of all mineral interests underlying the S½ of Section 2, as described above, 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 S½ of Section 2, as set forth above;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and operating the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating costs and costs charged for supervision, together with a provision adjusting said rates as provided in 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
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for UMC Petroleum Corporation

PROPOSED ADVERTISEMENT

Case 11959: Application of UMC Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the S½ of irregular Section 2, 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 Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool. Said unit is to be dedicated to applicant's Townsend State Com. Well No. 6, located at an orthodox location 990 feet from the South line and 1650 feet from the West line of said Section 2. 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 5 miles West of Lovington, New Mexico.