

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.
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APPLICATION OF LOUIS DREYFUS NATURAL
GAS CORP. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

No. 12014

APPLICATION

Louis Dreyfus Natural Gas Corp. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ Section 28, Township 19 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 E½ of said Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Toro "28" State Com. Well No. 1, at an orthodox location 1980 feet from the North line and 660 feet from the East line of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate to the well the E½ of Section 28 for all pools or formations spaced on 320 acres, including the Undesignated North Pearl-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 28 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 E½ of Section 28,

pursuant to NMSA 1978 §70-2-17 (1995 Repl.).

5. The pooling of all mineral interests underlying the E½ of Section 28 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 E½ of Section 28;
- 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,



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