

OIL CONSERVATION DIV.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF SOUTHWESTERN ENERGY
PRODUCTION COMPANY FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

No. 12108

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W $\frac{1}{2}$ of Section 9, Township 23 South, Range 34 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 9, and has the right to drill a well thereon.

2. Applicant proposes to drill its Mauchos State 9 Well No. 1, at an orthodox gas well location in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ (Unit E) of Section 9, to a depth sufficient to test the Morrow formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 9 to the well to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within said vertical extent, including but not limited to the Undesignated North Antelope Ridge-Wolfcamp Gas Pool, Undesignated Antelope Ridge-Strawn Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, and Undesignated North Bell Lake-Morrow 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 9 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the

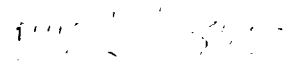
drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 9, pursuant to NMSA 1978 §70-2-17 (1996 Supp.).

5. The pooling of all mineral interests underlying the W½ of Section 9 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 9, from the surface to the base of the Morrow 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 pursuant to 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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