

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

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

March 4, 1999

**Hand Delivered**

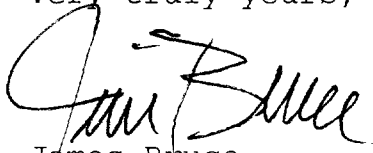
Florene Davidson  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

12156

Dear Florene:

Enclosed for filing are an original and two copies of an application by Cross Timbers Oil Company for compulsory pooling and an unorthodox gas well location, together with a proposed advertisement for the case. Please set this set this matter for the April 1st hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Cross  
Timbers Oil Company

OIL CONSERVATION DIV.  
59 MAR -4 AM 8:28

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CROSS TIMBERS OIL  
COMPANY FOR COMPULSORY POOLING AND  
AN UNORTHODOX GAS WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO.

Case No. 12156

APPLICATION

Cross Timbers Oil Company applies for an order pooling all mineral leasehold interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , and NE $\frac{1}{4}$  (N $\frac{1}{2}$  equivalent) of Section 31, Township 30 North, Range 12 West, N.M.P.M., San Juan County, New Mexico, and approving an unorthodox gas well location, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$  of said Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill its Fed. Gas Com. H Well No. 2, at an unorthodox gas well location 2045 feet from the North line and 1685 feet from the East line of the section, to a depth sufficient to test the Basin-Fruitland Coal Gas Pool, and seeks to dedicate the following acreage to the well:

(a) The N $\frac{1}{2}$  of Section 31, containing 318.74 acres, for all pools or formations developed on 320 acre spacing within said vertical extent, including but not limited to the Basin-Fruitland Coal Gas Pool; and

(b) The NE $\frac{1}{4}$  of Section 31 for all pools or formations developed on 160 acre spacing within said vertical extent, including but not limited to the Undesignated Crouch Mesa-Fruitland Sand Pool.

3. Applicant has in good faith sought the voluntary joinder of all other mineral leasehold interest owners in the N½ of Section 31 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral leasehold 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 acreage. Therefore, Applicant seeks an order pooling all mineral interest owners in the N½ of Section 31, pursuant to NMSA 1978 §70-2-17 (1996 Supp.).

5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that Cross Timbers Operating Company be designated operator of the well, and that the Division set a penalty for the risk involved in drilling the well.

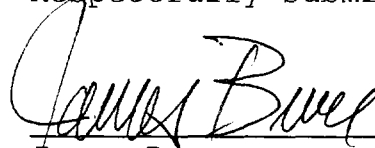
6. The pooling of all interests underlying the N½ of Section 31, and approval of the unorthodox gas well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral leasehold interests underlying the N½ of Section 31 from the surface to the base of the Basin-Fruitland Coal Gas Pool;
- B. Approving the unorthodox gas well location;

- C. Designating Cross Timbers Operating Company as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure;
- F. 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
- G. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cross Timbers Oil Company

PROPOSED ADVERTISEMENT

Case \_\_\_\_\_: Application of Cross Timbers Oil Company for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , and NE $\frac{1}{4}$  (N $\frac{1}{2}$  equivalent) of Section 31, Township 30 North, Range 12 West, NMPM, and in the following manner: The N $\frac{1}{2}$  of Section 31 to form a standard 318.74-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Basin-Fruitland Gas Pool; and the NE $\frac{1}{4}$  of Section 31 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including but not limited to the Undesignated Crouch Mesa-Fruitland Sand Pool. Said units are to be dedicated to the applicant's Federal Gas Com. H Well No. 2, to be drilled at an unorthodox gas well location 2045 feet from the North line and 1685 feet from the East line of said Section 31. 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 Cross Timbers Operating Company as operator of the well, and a charge for the risk involved in drilling and completing the well. Said units are located approximately 3 $\frac{1}{2}$  miles southwest of Flora Vista, New Mexico.

OIL CONSERVATION DIV.

99 MAR -4 AM 8:29