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May 18, 1999

Hand Delivered

12193

OIL CONSERVATION DIV.
MAY 18 AM 11:16

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

Dear Florene:

Enclosed are an original and two copies of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Texakoma Oil & Gas Corporation. Please set this matter for the June 10th Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Texakoma
Oil & Gas Corporation

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION
ATTN: 66

APPLICATION OF TEXAKOMA OIL & GAS
CORPORATION FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

No. 12193

APPLICATION

Texakoma Oil & Gas Corporation applies for an order pooling all mineral interests from the surface to the base of Basin-Fruitland Coal Gas Pool underlying the E½ of Section 7, Township 31 North, Range 13 East, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of said Section 7, and has the right to drill a well thereon.

2. Applicant proposes to drill its La Plata 7 Well No. 1, at an unorthodox gas well location in the SE¼ of Section 7,¹ to a depth sufficient to test the Basin-Fruitland Coal Gas Pool, and seeks to dedicate the E½ of Section 7 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 Basin-Fruitland Coal 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 7 for the purposes set forth herein.

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

¹The location is 790 feet from the south line and 650 feet from the east line of Section 7. Applicant has filed an application for administrative approval of the unorthodox well location.

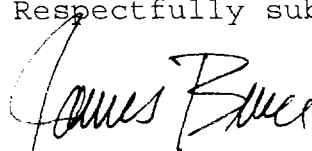
drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 7, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the E½ of Section 7 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 7, from the surface to the base of the Basin-Fruitland Coal Gas Pool;
- 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 an interest owner elects not to participate in the well; and
- F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

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

Attorney for Texakoma Oil & Gas
Corporation

PROPOSED ADVERTISEMENT

Case 12193

Application of Texakoma Oil & Gas Corporation for compulsory pooling, 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 the ~~EW~~ ^E of Section 7, Township 31 North, Range 13 ~~East~~, NMPM, 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 Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to applicant's La Plata 7 Well No. 1, to be drilled at an unorthodox gas well location in the SE $\frac{1}{4}$ of said Section 7. 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 completing the well. Said well unit is located approximately 3 miles southwest of La Plata, New Mexico.

CL. CONSERVATION DIV.
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