

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR COMPULSORY
POOLING EDDY COUNTY, NEW MEXICO.**

CASE NO.

12241

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OIL CONSERVATION DIV.

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("Texaco"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the base of the Lovington sand to the base of the Morrow formation underlying the following described acreage in Section 36, Township 16 South, Range 31 East, N.M.P.M., Eddy County, New Mexico:

- A. the N/2 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 this vertical extent, and
- B. the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent,

and in support of its application states:

1. Texaco is a working interest owner in the N/2 of said Section 36 and has the right to drill thereon.

2. Texaco proposes to dedicate the above-referenced spacing or proration units to its Texmack "36" State Com Well No. 1 to be drilled as a wildcat well at a standard location 990 feet from the North line and 2310 feet from the West line (Unit C) of Section 36.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on Exhibit A to this application.

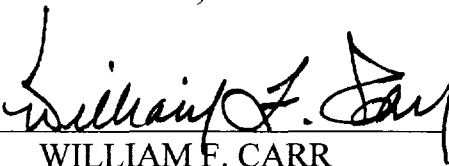
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Texaco should be designated the operator of the well to be drilled.

WHEREFORE, Texaco Exploration and Production Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 2, 1999, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Texaco to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Texaco in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

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ATTORNEYS FOR TEXACO EXPLORATION AND
PRODUCTION INC.

EXHIBIT A

APPLICATION OF
TEXACO EXPLORATION AND PRODUCTION INC.
FOR COMPULSORY POOLING
N/2 OF SECTION 36, TOWNSHIP 16 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Louis Dreyfus Natural Gas Corporation
Attn: Joe Hammond
14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma 73134

CASE 1224 :

Application of Texaco Exploration and Production Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the base of the Lovington sand to the base of the Morrow formation, underlying the following described acreage in Section 36, Township 16 South, Range 31 East, in the following manner: (a) the N/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent, and (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. These units are to be dedicated to a single well, the proposed Texmack "36" State Com Well No. 1 to be drilled as a wildcat well at a standard location 990 feet from the North line and 2310 feet from the West line (Unit C) of Section 36. 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 risk involved in drilling said well. The proposed well location is approximately 10 miles northeast of Loco Hills, New Mexico.

OIL CONSERVATION DIV.
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