

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

OIL CONSERVATION DIV.
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CASE NO. 12247

IN THE MATTER OF THE APPLICATION
OF AMERISTATE OIL & GAS, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 12247

APPLICATION

AMERISTATE OIL & GAS, INC. ("Ameristate"), 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 surface to the base of the Morrow formation, under the following acreage in Section 30, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico:

- A. the N/2 to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent which presently include but are not necessarily limited to the Richard Knob Atoka-Morrow Gas Pool;
- B. the NE/4 to form a standard 160-acre spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent which presently includes but is not limited to the Eagle Creek-Strawn Gas Pool;
- C. the S/2 NE/4 to form a standard 80-acre spacing and proration unit for formations and/or pools developed on 80-acre spacing within that vertical extent; and

- D. the SW/4 NE/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent which presently includes but is not limited to Undesignated Eagle Creek-San Andres Pool.

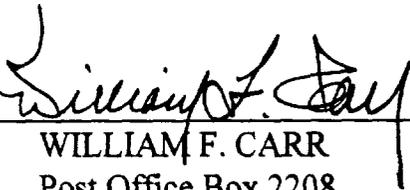
Said spacing and proration units are to be dedicated to a well to be drilled at standard location in the SW/4 NE/4 of said Section 30, and in support of its application states:

1. Ameristate is a working interest owner in said Section 30 and has the right to drill thereon.
2. Ameristate proposes to dedicate the above-referenced spacing or proration units to its Maneater Federal Com. Well No. 1 to be drilled at a standard location in the SW/4 NE/4 of said Section 30, to a depth sufficient to test any and all formations to the base of the Morrow formation.
3. Ameristate has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from certain interest owners in the SW/4 NE/4 of said Section 30.
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 Ameristate Oil & Gas, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, Ameristate Oil & gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 16, 1999 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Ameristate operator of these spacing and proration units, and authorizing Ameristate to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Ameristate in drilling, completing and equipping the well.

Respectfully submitted,

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

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ATTORNEYS FOR AMERISTATE
OIL & GAS, INC.

CASE 12247

Application of Ameristate Oil and Gas, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, the N/2 for all formations developed on 320-acre spacing including but not limited to the Richard Knob Atoka-Morrow Gas Pool, the NE/4 for all formations developed on 160-acre spacing including but not limited to the Eagle Creek-Strawn Gas Pool, the S/2 NE/4 for all formations developed on 80-acre spacing, and the SW/4 NE/4 for all formations developed on 40-acre spacing including but not limited to the Undesignated Eagle Creek-San Andres, all in Section 30, Township 17 South, Range 25 East, NMPM. Applicant proposes to dedicate these pooled units to its Maneater Federal Com Well No. 1 to be drilled at a standard gas well in the SW/4 NE/4 of said Section 30. Also to be considered will 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. Said area is located approximately ___ miles _____ of _____, New Mexico.