

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)

OIL CONSERVATION DIV.

60 SEP 19 AM 7:35

September 9, 1999

Case 12256


Hand Delivered

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

Dear Florene:

Enclosed are an original and two copies of two applications for compulsory pooling, together with proposed advertisements, filed on behalf of E.G.L. Resources, Inc. Please set these matters for the October 7, 1999 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for E.G.L. Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.
95 SEP 19 AM 7:35

APPLICATION OF E.G.L. RESOURCES,
INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

No. 12256

APPLICATION

E.G.L. Resources, Inc. applies for an order pooling all mineral interests from the surface to the base of the Yates formation underlying the NW $\frac{1}{4}$ of Section 23, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the NW $\frac{1}{4}$ of Section 23, and has the right to drill a well thereon.

2. Applicant proposes to drill its Oxy Yates Fed. 23 Well No. 9, at an orthodox well location 1650 feet from the north line and 660 feet from the west line of Section 23, and seeks to dedicate the NW $\frac{1}{4}$ of Section 23 to the well for all pools or formations developed on 160-acre spacing, including the Russell-Lower Yates Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW $\frac{1}{4}$ of Section 23 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 NW $\frac{1}{4}$ of Section 23,

pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the NW¼ of Section 23, as set forth above, 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 NW¼ of Section 23, from the surface to the base of the Yates formation;
- B. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- C. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure;
- D. 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
- E. Granting such further relief as the Division deems proper.

Respectfully submitted,



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

Attorney for E.G.L. Resources, Inc.

PROPOSED ADVERTISEMENT

Case 12256 : Application of E.G.L. Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates formation underlying the NW¼ of Section 23, Township 20 South, Range 28 East, NMPM, 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 the Russell-Lower Yates Gas Pool. Said units are to be dedicated to the applicant's Oxy Yates Fed. 23 Well No. 9, to be drilled at a location 1650 feet from the north line and 660 feet from the west line of Section 23. 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 the applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. Said unit is located approximately 11 miles north-northeast of Carlsbad, New Mexico.