

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12257

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 27, 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 27, and has the right to drill a well thereon.

2. Applicant proposes to drill its Oxy Yates Fed. 27 Well No. 10, at an orthodox well location, and seeks to dedicate the NW $\frac{1}{4}$ of Section 27 to the well for all pools or formations developed on 160-acre spacing, including the Undesignated South Burton-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 27 for the purposes set forth herein.

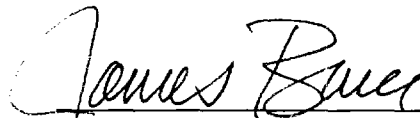
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NW $\frac{1}{4}$ of Section 27, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the NW¼ of Section 27, 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 27, 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,


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

PROPOSED ADVERTISEMENT

Case 14257 : 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 27, 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 Undesignated South Burton-Yates Gas Pool. Said units are to be dedicated to the applicant's Oxy Yates Fed. 27 Well No. 10, to be drilled at an orthodox location in the NW¼ of Section 27. 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 9.5 miles north-northeast of Carlsbad, New Mexico.