

OIL CONSERVATION DIV.
BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF POGO PRODUCING
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

12308
Case No. 12293

AMENDED APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the S½ of Section 18, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S½ of Section 18, and has the right to drill or re-complete a well thereon.

2. Applicant proposes to re-enter the Osage Well No. 1, at an orthodox location 1830 feet from the south line and 1980 feet from the east line of Section 18, and seeks to dedicate the following acreage to the well:

(a) The S½ of Section 18 for all pools or formations developed on 320-acre spacing, including the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and

(b) The SE¼ of Section 18 for all pools or formations developed on 160-acre spacing.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 18 for the purposes set forth herein.

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

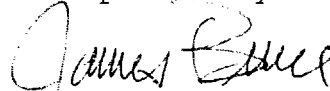
re-completion of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 18, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the S½ of Section 18 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 S½ of Section 18, from the surface to the base of the Cisco/Canyon formation;
- B. Considering the cost of re-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; and
- D. Setting a penalty for the risk involved in re-completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Pogo Producing Company