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January 11, 2000

12339

HAND-DELIVERED

Lori Wrotenberg, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

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Re: Application of Texaco Exploration and Production Inc. for Compulsory Pooling, Eddy
County, New Mexico.

Dear Ms. Wrotenberg:

Enclosed in triplicate is the Application of Texaco Exploration and Production Inc. in the above-referenced case as well as a copy of the legal advertisement. Texaco Exploration and Production Inc. requests that this application be set for hearing before a Division Examiner on February 3, 2000.

Very truly yours,

William F. Carr /md
WILLIAM F. CARR

WFC/md
Enclosures

cc: Mr. Mike Mullins (w/enclosures)
Texaco Exploration and Production Inc.

**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. 12339

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 a depth of 4346' to the base of the Morrow formation underlying the following described acreage in Section 24, Township 16 South, Range 31 East, N.M.P.M., Eddy County, New Mexico:

- A. the S/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,
- B. the SE/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,
- C. The N/2 SE/4 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within this vertical extent, and

APPLICATION,

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- D. The NW/4 SE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent

and in support of its application states:

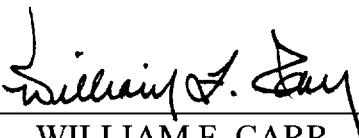
1. Texaco is a working interest owner in the S/2 of said Section 24 and has the right to drill thereon.
2. Texaco proposes to dedicate the above-referenced spacing or proration units to its Texmack "24" State Com Well No. 1 to be drilled as a wildcat well at a standard location 1500 feet from the South line and 1800 feet from the East line (Unit J) of Section 24.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from EOG Resources, Inc.
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 February 3, 2000, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Texaco Exploration and Production Inc. operator of these units and the well to be drilled thereon,
- C. authorizing Texaco to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by the Texaco in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

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

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION
AND PRODUCTION INC.

CASE 12539:

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 a depth of 4346' to the base of the Morrow formation, underlying the following described acreage in Section 24 Township 16 South, Range 31 East, in the following manner: (a) the S/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, (b) the SE/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, the N/2 SE/4 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acres spacing, and the NW/4 SE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to a single well, the proposed Texmack "24" State Com Well No. 1 to be drilled as a wildcat well at a standard location in the SW/4 of Section 24. 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 5 miles northwest of Maljamar, New Mexico.

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