

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SOUTHWESTERN ENERGY  
PRODUCTION COMPANY FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

No. 12353  
00 FEB 22 PM 8:00  
OIL CONSERVATION DIV.

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N $\frac{1}{2}$  of Section 10, Township 17 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$  of Section 10, and has the right to drill a well thereon.

2. Applicant proposes to drill its South Shoe Bar "10" State Com. Well No. 4, at a location 660 feet from the north line and 2100 feet from the west line of the section, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the N $\frac{1}{2}$  of Section 10 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated South Shoe Bar-Atoka Gas Pool, Undesignated South Shoe Bar-Morrow Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$  of Section 10 for the purposes set forth herein.

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

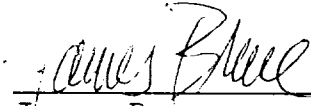
drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 10, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 10 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 N½ of Section 10, from the surface to the base of the Mississippian formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure;
- E. 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
- F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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