

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12422

EDDY COUNTY - 3 AM 10:55  
OIL CONSERVATION DIVISION

APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , and SE $\frac{1}{4}$  (E $\frac{1}{2}$  equivalent) of Section 6, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E $\frac{1}{2}$  of Section 6, and has the right to drill a well thereon.

2. Applicant proposes to drill its Shugart "6" Com. Well No. 1, from a surface location 990 feet from the south line and 660 feet from the east line of Section 6 to an orthodox bottom hole location 660 feet from the south and east lines of Section 6, and seeks to dedicate the E $\frac{1}{2}$  of Section 6 to the well to form a standard gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Shugart-Morrow Gas Pool.

3. Applicant proposes to drill the well to a depth sufficient to test the Mississippian formation. However, if a satisfactory uphole zone is encountered, applicant may cease drilling and complete the well in the uphole zone.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$  of Section 6 for the purposes set forth herein.

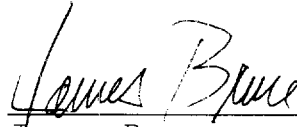
5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 6, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the E½ of Section 6 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 E½ of Section 6, 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. **Reducing the election period allowed working interest owners under the pooling order to 10 days.**

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

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Attorney for Pogo Producing Company