

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.

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

No. 12423

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the W $\frac{1}{2}$ of Section 17, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$ of Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill its Baywatch "17" Fed. Com. Well No. 1, at an orthodox well location 1310 feet from the north and west lines of the section, to a depth sufficient to test the Atoka formation, and seeks to dedicate the following acreage to the well:

(a) The NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17 to form a 40 acre oil spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated North Bell Lake-Delaware Pool and Undesignated North Bell Lake-Bone Spring Pool;

(b) The NW $\frac{1}{4}$ of Section 17 to form a 160 acre gas spacing and proration unit for any and all formations and/or pools developed on 160 acre spacing within that vertical extent; and

(c) The W $\frac{1}{2}$ of Section 17 to form a 320 acre gas spacing and proration unit for any and all formations and/or pools

developed on 320 acre spacing within that vertical extent, including the Undesignated West Antelope Ridge-Atoka Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 17 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 W½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 17, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

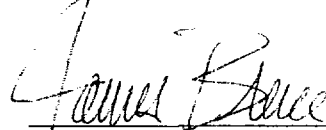
WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 17, from the surface to the base of the Atoka 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.

James Bruce
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Attorney for Southwestern Energy
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