

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CROSS TIMBERS OIL
COMPANY FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

Case No. 12428

APPLICATION

Cross Timbers Oil Company applies for an order pooling all mineral interests from surface to the base of the Pictured Cliffs formation underlying the SW $\frac{1}{4}$ of Section 21, Township 29 North, Range 10 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ of Section 21, and has the right to drill a well thereon.

2. Applicant proposes to drill its Trujillo Gas Com. Well No. 1R, at an orthodox location 1835 feet from the south line and 1910 feet from the west line of the section, to a depth sufficient to test the Pictured Cliffs formation, and seeks to dedicate the SW $\frac{1}{4}$ of Section 21 to the well for all pools or formations developed on 160 acre spacing within that vertical extent, including the Aztec-Pictured Cliffs Gas Pool.

3. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ of Section 21 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 acreage. Therefore, Applicant seeks an order

pooling all mineral interest owners in the SW¼ of Section 21, pursuant to NMSA 1978 §70-2-17.

5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that Cross Timbers Operating Company be designated operator of the well, and that the Division set a penalty for the risk involved in drilling the well.

6. The pooling of all interests underlying the SW¼ of Section 21 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 underlying the SW¼ of Section 21 from the surface to the base of the Pictured Cliffs formation;
- B. Designating Cross Timbers Operating Company 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 the 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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PERSONS NOTIFIED OF HEARING

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