

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF FUEL PRODUCTS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV.  
EDDY COUNTY, N.M.  
MAY 23 PM 1:31  
CASE NO. 12431

**APPLICATION**

FUEL PRODUCTS, INC. ("Fuel Products"), 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 in the E/2 of Section 14, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico in the following manner: all formations developed on 320-acre spacing in the E/2 which includes but is not necessarily limited to the Undesignated North-Illinois Camp-Morrow Gas Pool, all formations developed on 160-acre spacing in the SE/4, all formations developed on 80-acre spacing under the E/2 SE/4 of Section 14, and all formations developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Empire Abo Pool and the Artesia Queen-Grayburg-San Andres Pool NE/4 SE/4. In support of its application Fuel Products states:

1. Fuel Products is a working interest owner in the E/2 of Section 18 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the NE/4 SE/4 of said Section 18, to a depth

sufficient to test any and all formations from the surface to the base of the Morrow formation. The primary objective in the well will be the Morrow formation, Undesignated North Illinois Camp-Morrow Gas Pool.

3. Applicant has not reached voluntary agreement for pooling or farmout from certain interest owners in the subject spacing unit.

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 Fuel Products, Inc. should be designated the operator of the well to be drilled.

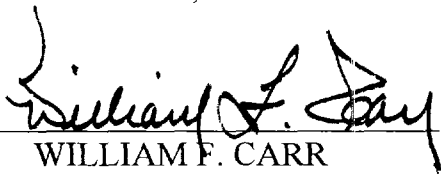
WHEREFORE, Fuel Products, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 15, 2000 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Fuel Products, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing Fuel Products 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 penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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& SHERIDAN, P.A.

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ATTORNEYS FOR FUEL PRODUCTS, INC.

CASE 2431:

Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but not limited to the Undesignated North Illinois Camp-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the E/2 SE/4, and in all formations developed on 40-acre spacing in the NE/4 SE/4 which includes but is not necessarily limited to the Undesignated Empire Abo Pool and the Artesia Queen-Grayburg-San Andres Pool all in Section 18 Township 18 South, Range 28 East, NMPM. Said units are to be dedicated to well to be drilled at a standard location in the NE/4 SE/4 of said Section 18 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 Fuel Products, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles Southeast of Artesia, New Mexico.