

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12500

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the N $\frac{1}{2}$ of Section 31, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill its Big Bluff "31" State Com. Well No. 1, at an orthodox well location 660 feet from the north line and 660 feet from the east line of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31 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 Logan Draw-Wolfcamp Pool;

(b) The NE $\frac{1}{4}$ of Section 31 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, including the Undesignated Logan Draw-Wolfcamp Gas Pool; and

(c) The N $\frac{1}{2}$ of Section 31 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 Southeast Logan Draw-Atoka Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 31 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 31, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 31, 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:

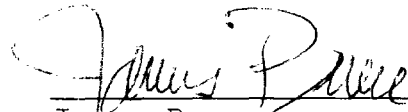
- A. Pooling all mineral interests in the N½ of Section 31 from the base of the San Andres formation to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's 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,


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