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December 18, 2000

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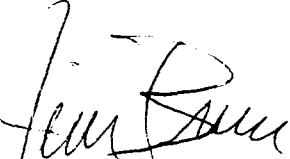
Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with proposed advertisement, filed on behalf of BTA Oil Producers. Please set this case for the January 11, 2001 Examiner hearing. Thank you.

The application and proposed advertisement are also on the enclosed disk under "BTA."

Very truly yours,



James Bruce

Attorney for BTA Oil Producers

OIL CONSERVATION DIV.
00 DEC 18 AM 3:14

Case 12565

OIL CONSERVATION DIV.
BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

00 DEC 13 AM 3:14

APPLICATION OF BTA OIL PRODUCERS
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

No. 12565

APPLICATION

BTA Oil Producers applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 23, Township 21 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 S½ of Section 23, and has the right to drill a well thereon.

2. Applicant proposes to drill its 20005 JV-P State "23" Com. Well No. 1, at an orthodox gas well location 1650 feet from the south line and 1980 feet from the East line of Section 23, and seeks to dedicate the following acreage to the well:

(a) The NW¼SE¼ of Section 23 for all pools or formations developed on 40-acre spacing;

(b) The SE¼ of Section 23 for all pools or formations developed on 160-acre spacing; and

(c) The S½ of Section 23 for all pools or formations developed on 320-acre spacing, including the Undesignated Wilson-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 23 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 S½ of Section __, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 23, 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 S½ of Section 23, from the surface to the base of the Morrow formation, for the well units described above;
- 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 as provided in 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
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Applicant

PROPOSED ADVERTISEMENT

Case 12565: Application of BTA Oil Producers for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 23, Township 21 South, Range 34 East, NMPM, and in the following manner: The S $\frac{1}{2}$ to form a standard 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 but not limited to the Undesignated Wilson-Morrow Gas Pool; the SE $\frac{1}{4}$ to form a standard 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 the NW $\frac{1}{4}$ SE $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to applicant's 20005 JV-P State "23" Com. Well No. 1, to be drilled at a location 1650 feet from the south line and 1980 feet from the and east line of Section 23. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 21 miles southeast of Halfway, New Mexico.

OIL CONSERVATION DIV
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