

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIV.
CODEC 18 AM 3:13

No. 12568

APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$ of Section 23, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E $\frac{1}{2}$ of Section 23, and has the right to drill a well thereon.

2. Applicant proposes to drill its Red Tank "23" Fed. Com. Well No. 4, at an orthodox location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of the section, and seeks to dedicate the E $\frac{1}{2}$ of Section 23 to the well for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ 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

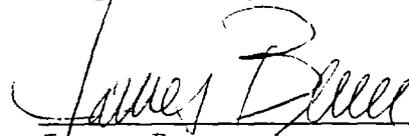
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 23, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 23 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 E½ of Section 23, from the surface to the base of the Morrow formation;
- B. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- C. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- D. 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.

Respectfully submitted,



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