

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

**IN THE MATTER OF THE APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR COMPULSORY
POOLING EDDY COUNTY, NEW MEXICO.**

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OIL CONSERVATION DIV.
CASE NO. 12632

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("Texaco"), 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 from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 24, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico:

- A. the S/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 this vertical extent which includes but is not necessarily limited to the Remuda-Wolfcamp pool,
- B. the SW/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 this vertical extent, and
- C. The SE/4 SW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent

In support of its application Texaco states:

1. Texaco is a working interest owner in the S/2 of said Section 24 and has the right to drill thereon.
2. Texaco proposes to dedicate the above-referenced spacing or proration units to its Remuda Basin "24" State Well No. 1 to be drilled as a wildcat well at a standard location 750 feet from the South line and 1900 feet from the West line (Unit N) of Section 24.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from those interest owners identified on Exhibit A to this application.
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 Texaco Exploration and Production, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, Texaco Exploration and Production Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 5, 2001, 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 Texaco Exploration and Production Inc. operator of these units and the well to be drilled thereon,
- C. authorizing Texaco to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling

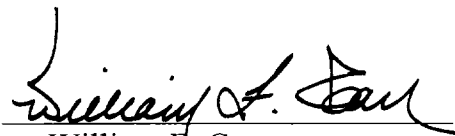
and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and

- E. imposing a 200% penalty for the risk assumed by the Texaco in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

By:

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

William F. Carr

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Santa Fe, New Mexico 87504

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ATTORNEYS FOR TEXACO EXPLORATION
AND PRODUCTION INC.

EXHIBIT A

NOTICE LIST

**APPLICATION OF TEXACO EXPLORATION AND PRODUCTION INC.
FOR COMPULSORY POOLING
S/2 SECTION 24, TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
EDDY COUNTY, NEW MEXICO.**

Sid R. Bass, Inc.
Lee M. Bass, Inc.
Thruline Inc.
Keystone, Inc.
Perry R. Bass, Trustee
c/o Bass Enterprises Production Company
201 Main Street
Fort Worth, Texas 76102-3131

Attention: Wayne Bailey

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attention: Scott Quillin

CASE 12637:

Application of Texaco Exploration and Production Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, Remuda-Wolfcamp Pool, underlying the following described acreage in Section 24 Township 23 South, Range 29 East, in the following manner: (a) the S/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, (b) the SW/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, and the SE/4 SW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to a single well, the proposed Remuda Basin "24" State Well No. 1 to be drilled as a wildcat well at a standard location 750 feet from the South line and 1900 feet from the West line of Section 24. 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 applicant as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 8 miles east of Loving, New Mexico.