

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CROSS TIMBERS OIL
COMPANY FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

No. 12657

APPLICATION

Cross Timbers Oil Company applies for an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the SE $\frac{1}{4}$ of Section 35, Township 31 North, Range 12 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SE $\frac{1}{4}$ of Section 35, and has the right to drill a well thereon.

2. Applicant proposes to drill its Oliver Unit Well No. 1, at an orthodox location in the SE $\frac{1}{4}$ of Section 35, to a depth sufficient to test the Pictured Cliffs formation, and seeks to dedicate the SE $\frac{1}{4}$ of Section 35 to the well for all pools or formations developed on 160 acre spacing within that vertical extent, including the Undesignated Flora Vista-Fruitland Sand Pool and Undesignated Aztec-Pictured Cliffs Gas Pool.

3. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ of Section 35 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 SE¼ of Section 35, pursuant to NMSA 1978 §70-2-17.

5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that Cross Timbers Operating Company be designated operator of the well, and that the Division set a penalty for the risk involved in drilling the well.

6. The pooling of all interests underlying the SE¼ of Section 35 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

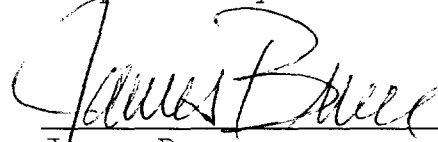
WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests underlying the SE¼ of Section 35 from the surface to the base of the Pictured Cliffs formation;
- B. Designating Cross Timbers Operating Company 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 the 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,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce
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Attorney for Cross Timbers Oil
Company