

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

**IN THE MATTER OF THE APPLICATION
OF EXCO RESOURCES, INC. FOR COMPULSORY
POOLING, CHAVEZ COUNTY, NEW MEXICO.**

CASE NO. 12702

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OIL CONSERVATION DIV

APPLICATION

EXCO RESOURCES, INC. ("Exco"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. Section 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Abo formation under the following acreage in Section 20, Township 5 South, Range 25 East, NMPM, Chavez County, New Mexico: the SW/4 to form a standard 160-acre gas spacing unit for formations and/or pools developed on 160-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the Pecos Slope-ABO Gas Pool; SW/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 that vertical extent. Said unit is to be dedicated to Exco's proposed Rose Federal Well No. 16 to be drilled at a standard location in Unit M of said section. In support of this application, Exco states:

1. Exco is a working interest owner in the SW/4 of said Section 20 and has the right to drill thereon.
2. Exco proposes to dedicate the above-referenced spacing unit to its proposed Rose Federal Well No. 16 to be drilled to a depth sufficient to test any and all formations from the surface

to the base of the Abo formation.

3. Exco has sought and been unable to obtain either voluntary agreement for pooling or acquisition of interests from certain interest owners in the SW/4 of said Section 20.

4. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

5. A list of the names and addresses of the persons to whom notice has been sent is attached hereto as Exhibit A.

WHEREFORE, Exco requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 26, 2001, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing unit,
- B. designating Exco Resources, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing Exco 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 penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART
and
CAMPBELL & CARR

By: 

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ATTORNEYS FOR EXCO RESOURCES, INC.

EXHIBIT A.

**APPLICATION OF EXCO RESOURCES, INC. FOR COMPLUSORY POOLING
CHAVEZ COUNTY, NEW MEXICO.**

Eland Energy, Inc.
8150 North Central Expressway, Suite 400
Dallas, TX 75206
Attn. Mr. Kyle Wood

Providence Energy Corporation
c/o Eland Energy, Inc.
8150 North Central Expressway, Suite 400
Dallas, TX 75206
Attn. Mr. Kyle Wood

CASE 12702: Application of Exco Resources, Inc. for compulsory pooling, Chavez County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the following described acreage in Section 20, Township 5 South, Range 25 East, in the following manner: the SW/4 to form a standard 160-acre spacing unit for all formations and/or pools developed on 160-acre spacing within that vertical extent which presently includes but is not necessarily limited to the Pecos Slope-ABO Gas Pool, SW/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 that vertical extent. Said unit is to be dedicated to Applicant's proposed Rose Federal Well No. 16 to be located at a standard location in Unit M of this section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a charge for risk involved in drilling and completing this well. This unit is located approximately 48 miles north and east of Roswell, New Mexico.