

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SOUTHWESTERN ENERGY  
PRODUCTION COMPANY FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

NO. 12803

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E½ of Section 20, Township 17 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E½ of Section 20, and has the right to drill a well thereon.

2. Applicant proposes to drill its Electrolux "20" State Com. Well No. 1, at an orthodox gas well location in the NE¼NE¼ of the section, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the following acreage to the well:

(a) the NE¼ of Section 20 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

(b) the E½ of Section 20 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 the East Vacuum-Moorow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 20 for the purposes set forth herein.

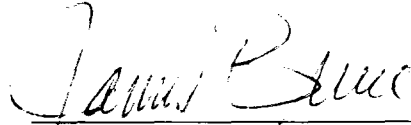
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 20, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 20 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 20 from the surface to the base of the Mississippian formation;
- 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 the rates pursuant to the COPAS accounting procedure; and
- 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.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

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Attorney for Southwestern Energy  
Production Company

PROPOSED ADVERTISEMENT

Case 12803: Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 20, Township 17 South, Range 35 East, NMPM, and in the following manner: the E½ of Section 20 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 the East Vacuum-Morrow Gas Pool; and the NE¼ of Section 20 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. The unit is to be dedicated to applicant's Electrolux "20" State Com. Well No. 1, to be drilled at an orthodox gas well location in the NE¼NE¼ (Unit A) of Section 20. 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 unit is located approximately 2 miles northeast of Buckeye, New Mexico.