

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CONCHO OIL &  
GAS CORP. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

No. 12931

APPLICATION

Concho Oil & Gas Corp. applies for an order pooling all mineral leasehold interests from the surface to the base of the Bone Spring formation underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9, and has the right to drill a well thereon.

2. Applicant proposes to drill a well at an orthodox location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of the section, and seeks to dedicate the E $\frac{1}{2}$ SW $\frac{1}{4}$  of the section to the well for all pools or formations developed on 80 spacing within that vertical extent, including the Undesignated Featherstone-Bone Spring Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9 for the purposes set forth herein.

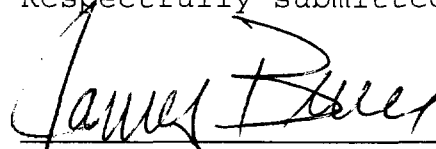
4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9 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 leasehold interests in the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9, from the surface to the base of the Bone Spring 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 supervision costs, together with a provision adjusting those rates as provided in 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 dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
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(505) 982-2043

Attorney for Concho Oil & Gas Corp.