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January 30, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 12601

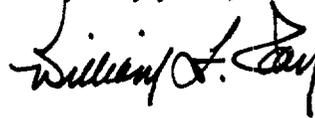
CLERK OF DISTRICT COURT
JAN 31 10 43 AM '01

Re: Application of Bettis, Boyle & Stovall for compulsory pooling, Lea County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the application of Bettis, Boyle & Stovall in the above-referenced case as well as a copy of the legal advertisement. Bettis, Boyle & Stovall requests that this matter be placed on the docket for the February 22, 2001 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: C. Mark Maloney
Post Office Box 2627
Roswell, New Mexico 88202-2627

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

**IN THE MATTER OF THE APPLICATION
OF BETTIS, BOYLE & STOVALL,
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12601

APPLICATION

BETTIS, BOYLE & STOVALL, 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 in all formations from the surface to the base of the Bough C formation in the following described spacing and proration units located in Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico: Lots 3 and 4 (W/2 SW/4 equivalent) to form a 79.73-acre standard spacing and proration unit for all formations and/or pools developed on 80-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Flying “M” San Andres Pool; and Lot 3 (NW/4 SW/4 equivalent) to form a 39.82-acre standard spacing and proration unit for all formations and/or pools developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated South Flying “M” Bough Pool (formerly the South Flying “M”-Pennsylvanian Pool), and in support of its application states:

1. Bettis, Boyle & Stovall is a working interest owner in the acreage to be pooled in said Section 30 and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced spacing or proration units to a well to a well it proposes to drill at a standard location in the NW/4 SW/4 of said Section 30 to a depth sufficient to test any and all formations from the surface to the base of the Bough C formation.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling the W/2 SW/4 equivalent of Section 30 or farmout from certain 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 Bettis, Boyle & Stovall should be designated the operator of the well to be drilled.

WHEREFORE, Bettis, Boyle & Stovall requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 22, 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 Bettis, Boyle & Stovall operator of these units and the well to be drilled thereon,
- C. authorizing Bettis, Boyle & Stovall 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: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR BETTIS, BOYLE & STOVALL

EXHIBIT A

**APPLICATION OF BETTIS, BOYLE & STOVALL
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

NOTICE LIST

Sun-West Oil & Gas, Inc.
Post Office Box 788
Hobbs, New Mexico 88241-0788

Stephens Production Company
Post Office Box 2407
Fort Smith, Arkansas 72902

Thomas Wiley Neal III, Trustee of the
Thomas Wiley Neal III Revocable Trust U/T/A dated 9/27/88
1623 Girard, SE
Albuquerque, New Mexico 87106

Addiline Royse
28800South 597 Road
Grove, Oklahoma 74344

Dan Girand
1405 Mossman Drive
Roswell, New Mexico 88201

Larry Kent Kirby
3409 West Wildwood Drive
Tucson, Arizona 85701

CASE 12601:

Application of Bettis, Boyle & Stovall for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Bough C formation in the following described spacing and proration units located in Section 30, Township 9 South, Range 33 East: Lots 3 and 4 (W/2 SW/4 equivalent) to form a 79.73-acre standard spacing and proration unit for all formations and/or pools developed on 80-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Flying "M" San Andres Pool; and Lot 3 (NW/4 SW/4 equivalent) to form a 39.82-acre standard spacing and proration unit for all formations and/or pools developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the South Flying "M" Bough Pool. Said units are to be dedicated to a well to be drilled at a standard location in the NW/4 SW/4 of said Section 30 to a depth sufficient to test all formations from the surface to the base of the Bough C formation. 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 Bettis, Boyle & Stovall as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles northeast of Caprock, New Mexico.

CASE 12441: Continued from March 22, 2001, Examiner Hearing.

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.