

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

**APPLICATION OF E.G.L. RESOURCES INC.
FOR COMPULSORY POOLING IN
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION FOR COMPULSORY POOLING

E.G.L. RESOURCES INC. (OGRID 192373) applies for an order pooling all mineral interests within the Quail Ridge, Bone Spring (Pool Code 50460), underlying Section 16, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above referenced horizontal spacing unit to the following two initial wells:

Cimarron 16 State Com #101H

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit O of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1st Bone Spring.

Cimarron 16 State Com #102H

This proposed well is a horizontal well with a legal surface location in Unit B of Section 16, T19S, R34E, and an intended legal bottom hole location in Unit P of Section 16, T19S, R34E, Lea County, New Mexico. It will have a TVD of approximately 9,530 feet and TMD of approximately 15,350 feet, and will target the 1st Bone Spring.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
4. The requested pooling of interests will avoid the drilling of unnecessary

wells, will prevent waste and will protect correlative rights.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

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

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving two initial horizontal wells in this spacing unit;
- C. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and;
- F. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

PADILLA LAW FIRM, P.A.

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