

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

E.G.L. Resources, Inc. applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W2 of Section 13 and the W/2W/2 of Section 24, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2W/2 of Section 13 and the W/2W/2 of Section 24, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Millie Mile 13-24 Fed. Com. Well Nos. 101H and 201H to depths sufficient to test the Bone Spring formation, and to dedicate the W/2W2 of Section 13 and the W/2W/2 of Section 24 to the wells. The wells have first take points in the NW/4NW/4 of Section 13 and last take points in the SW/4SW/4 of Section 24.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 13 and the W/2W/2 of Section 24 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 wells or to otherwise commit their interests to the wells, certain mineral interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in

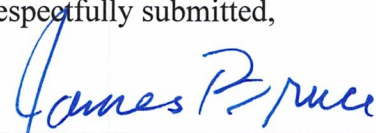
the Bone Spring formation underlying the W/2W/2 of Section 13 and the W/2W/2 of Section 24, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 13 and the W/2W/2 of Section 24 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 uncommitted mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 13 and the W/2W/2 of Section 24;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, testing, and equipping the wells, and allocating the cost among the wells' 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 200% charge for the risk involved in drilling, completing, resting, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for E.G.L. Resources, Inc.