

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

**APPLICATION OF PETROGULF
CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Petrogulf Corporation (“Petrogulf”), OGRID Number 373806, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying Sections 34, 35 and 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of this application, Petrogulf states as follows:

1. Applicant is an interest owner in the subject lands and has a right to drill a well thereon.
2. Applicant seeks to dedicate the E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico to form a 1280-acre, more or less, standard horizontal spacing unit.
3. Applicant plans to horizontally drill the following wells to a depth sufficient to test the Wolfcamp formation at the following approximate locations:
 - **Gambino Federal Com 1H** to be drilled from a surface location in NW4/SE4 (Unit J) Section 34 to a bottom hole location in NW4/SE4 of Section 36 (Unit N).
 - **Gambino Federal Com 2H** to be drilled from a surface location in NW4/SE4 (Unit J) of Section 34 to a bottom hole location in NE4/SE4 of Section 36 (Unit K).
 - **Gambino Federal Com 3H** to be drilled from a surface location in SW4/NE4 (Unit G) of Section 34 to a bottom hole location in SE4/NW4 of Section 36 (Unit F).

- **Gambino Federal Com 4H** to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/NW4 of Section 36 (Unit C).
 - **Gambino Federal Com 5H** to be drilled from a surface location in SW4/NE4 of Section 34 (Unit G) to a bottom hole location in NE4/SW4 of Section 36 (Unit K).
4. These wells will be located within the Purple Sage Wolfcamp Gas Pool, which is subject to special pool rules that establish 330 foot setback requirements.
 5. These wells will comply with the Division's setback requirements for this pool.
 6. The completed interval for the **Gambino Federal Com 5H** well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed standard spacing unit for the wells.
 7. Applicant sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
 8. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
- WHEREFORE, Applicant Corporation requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2023 and after notice and hearing as required by law, the Division enter its order:
- A. Approving a standard 1280-acre Wolfcamp spacing unit;
 - B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within Sections 34, 35 and 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico;
 - C. Designating Applicant as operator of this unit and the wells to be drilled thereon;

D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;


E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: _____



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CASE NO. _____: Application of Petrogulf Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying E/2 of Section 34, all of Section 35 and W/2 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Gambino Federal Com 1H, Gambino Federal Com 2H, Gambino Federal Com 3H, Gambino Federal Com 4H and Gambino Federal Com 5H** wells, to be horizontally drilled. The wells will be drilled at orthodox locations. The completed interval for the **Gambino Federal Com 5H** well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Petrogulf as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately ¼ mile west and within Carlsbad, New Mexico.