

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF TEXAS STANDARD
OPERATING NM LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Texas Standard Operating NM LLC applies for an order pooling all uncommitted mineral interest owners in the Upper Penn Shale formation in a horizontal spacing unit underlying (i) the E/2SE/4 of Section 34, Township 16 South, Range 36 East, N.M.P.M., and (ii) the E/2E/2 of Section 3 and the E/2NE/4 of Section 10, Township 17 South, Range 36 East, N.M.P.M., and in support thereof, states:

1. Applicant is an operator in the E/2SE/4 of Section 34, the E/2E/2 of Section 3, and the E/2NE/4 of Section 10 (containing 320 acres), and has the right to drill wells thereon.
2. Applicant proposes to drill the Bulldog State Well Nos. 3H and 4H to depths sufficient to test the Upper Penn Shale formation, and has dedicated the E/2SE/4 of Section 34, the E/2E/2 of Section 3, and the E/2NE/4 of Section 10 to the wells. The wells have first take points in the NE/4SE/4 of Section 34 and last take points in the SE/4NE/4 of Section 10.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2SE/4 of Section 34, the E/2E/2 of Section 3, and the E/2NE/4 of Section 10 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

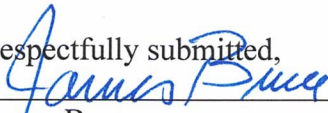
the Upper Penn Shale formation underlying the E/2SE/4 of Section 34, the E/2E/2 of Section 3, and the E/2NE/4 of Section 10 pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Upper Penn Shale formation underlying the E/2SE/4 of Section 34, the E/2E/2 of Section 3, and the E/2NE/4 of Section 10 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 Upper Penn Shale formation (Upper Pennsylvanian; Undesignated/Pool Code 98333) underlying the E/2SE/4 of Section 34, the E/2E/2 of Section 3, and the E/2NE/4 of Section 10;
- 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, testing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,


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LLC