

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF E.G.L. RESOURCES, INC.  
FOR COMPULSORY POOLING AND APPROVAL  
OF AN OVERLAPPING WELL UNIT, 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 proximity tract horizontal spacing unit comprised of the W/2 of Section 27 and the W/2 of Section 34, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2 of Section 27 and the W/2 of Section 34 (containing 640 acres), and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the Skyfall 27-34 Fed. Com. Well Nos. 001H, 002H, 101H, 102H, 201H, and 202H to depths sufficient to test the Bone Spring formation, with first take points in the NW/4NW/4 of Section 27 and last take points in the SW/4SW/4 of Section 34.

Applicant also proposes to drill the Skyfall 27-34 Fed. Com. Well Nos. 003H, 103H, and 203H to depths sufficient to test the Bone Spring formation, with first take points in the NE/4NW/4 of Section 27 and last take points in the SE/4SW/4 of Section 34.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2 of Section 27 and the W/2 of Section 34 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 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/2 of Section 27 and the W/2 of Section 34, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2 of Section 27 and the W/2 of Section 34 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. Applicant also requests approval of an overlapping well unit regarding the Caprock St. Fed. Com. Well No. 1H located in the E/2W/2 of Section 27.

**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 (Airstrip; Bone Spring Pool /Pool Code \_\_\_\_\_) underlying the W/2 of Section 27 and the W/2 of Section 34;
- 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;
- 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; and
- F. Approval of the overlapping well unit.

Respectfully submitted,

A handwritten signature in blue ink that reads "James Bruce". The signature is written in a cursive style and is positioned above a horizontal line.

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