

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF PBEX, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

PBEX, LLC 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 1, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an owner in the W/2 of Section 1 (containing 320 acres), and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells:
 - (a) The Goldeneye 1 Fed. Com. Well Nos. 001H, 002H, 101H, 102H, 201H, 203H, 301H, and 302H, with surface locations in the SE/SW/4 of Section 36, Township 21 South, Range 31 East, N.M.P.M. and last take points in the SW/4SW/4 of Section 1; and
 - (b) The Goldeneye 1 Fed. Com. Well Nos. 003H, 103H, 205H, and 303H, with surface locations in the SE/4SW/4 of adjoining Section 36 and last take points in the SE/4SW/4 of Section 1.

The Goldeneye 1 Fed. Com. Well Nos. 002H, 102H, 203H, and 302H are the proximity tract wells.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2 of Section 1 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all uncommitted 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

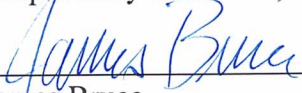
dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2 of Section 1, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2 of Section 1 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/2 of Section 1;
- B. Designating E.G.L. Resources, Inc. as operator of the proposed 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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