

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF BURNETT OIL CO.
INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Burnett Oil Co., Inc. applies for an order pooling all uncommitted mineral interest owners in the Glorieta-Yeso formation underlying a proximity tract horizontal spacing and proration unit comprised of Lots 3, 4, the E/2SW/4, and the SE/4 (the S/2) of Section 7, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2 of Section 7 (containing 319.71 acres), and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Glorieta-Yeso formation in the S/2 of Section 7:
 - (a) the Four Mile Draw IL Well No. 1H, with a first take point in the NE/4SE/4 and a last take point in Lot 3 (the NW/4SW/4) of Section 7;
 - (b) the Four Mile Draw PM Well No. 1H, with a first take point in the SE/4SE/4 and a last take point in Lot 4 (the SW/4SW/4) of Section 7 (the proximity tract well); and
 - (c) the Four Mile Draw PM Well No. 2H, with a first take point in the SE/4SE/4 and a last take point in Lot 4 (the SW/4SW/4) of Section 7.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Glorieta-Yeso formation in the S/2 of Section 7 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners in the Glorieta-Yeso formation 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 Glorieta-Yeso formation underlying the S/2 of Section 7, pursuant to NMSA 1978 §70-2-17.

5. Approval of the pooling of all uncommitted mineral interest owners in the Glorieta-Yeso formation underlying the S/2 of Section 7 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. Approving a proximity tract oil spacing and proration unit in the Glorieta-Yeso formation (Atoka; Glorieta-Yeso Pool/Pool Code 3250) comprised of the S/2 of Section 7;
- B. Pooling all uncommitted mineral interest owners in the Glorieta-Yeso formation underlying the S/2 of Section 7;
- C. Designating Burnett Oil Company as operator of the wells;
- D. Considering the cost of drilling, completing, testing, and equipping the wells, and allocating the cost among the wells' working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. 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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