

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF BTA OIL PRODUCERS,
LLC FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

BTA Oil Producers, LLC applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 35, Township 22 South, Range 34 East, N.M.P.M. and Lot 3 and the SE/4NW/4 of Section 2, Township 23 South, Range 34 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the E/2W/2 of Section 35 and Lot 3 and the SE/4NW/4 of Section 2, and has the right to drill a well thereon.

2. Applicant proposes to drill its North Ridge 8040 Fed. Com. Well No. 2H to a depth sufficient to test the Bone Spring formation, and dedicate the EW/2W/2 of Section 35 and Lot 3 and the SE/4NW/4 of Section 2 to the well. The well is a horizontal well, with a first take point in the NE/4NW/4 of Section 35 and a last take point in the SE/4NW/4 of Section 2.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 35 and Lot 4 and the SE/4NW/4 of Section 2 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 well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring

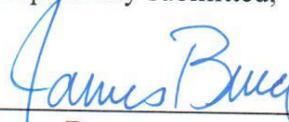
formation underlying the E/2W/2 of Section 35 and Lot 3 and the SE/4NW/4 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. Approval of the non-standard spacing and proration unit and the pooling of all mineral interests in the Bone Spring formation underlying the E/2W/2 of Section 35 and Lot 3 and the SE/4NW/4 of Section 2 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 mineral interests in the Bone Spring formation underlying the E/2W/2 of Section 35 and Lot 3 and the SE/4NW/4 of Section 2;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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