

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2005 MAR 16 AM 10 00

APPLICATION OF LATIGO PETROLEUM,
INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 13464

APPLICATION

Latigo Petroleum, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (the N $\frac{1}{2}$) of Section 19, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 19, and has the right to drill a well thereon.

2. Applicant proposes to drill its Marine "19" Federal Well No. 1, at an orthodox gas well location in Lot 2 of Section 19, to a depth sufficient to test the Morrow formation, and seeks to dedicate the N $\frac{1}{2}$ of Section 19 to the well to form a standard 318.89 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Cottonwood Draw-Strawn Gas Pool and Undesignated Cottonwood Draw-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 19 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 N½ of Section 19, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 19 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 N½ of Section 19 from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof 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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Inc.

JAMES BRUCE
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March 16, 2005

Hand Delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13464

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Latigo Petroleum, Inc. Please set this matter for the April 7, 2005 Examiner hearing. Thank you.

The advertisement has also been e-mailed to the Division.

Very truly yours,


James Bruce

Attorney for Latigo Petroleum, Inc.

PROPOSED ADVERTISEMENT

Case No. 13464: Latigo Petroleum, Inc. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, NE/4, and E/2NW/4 of Section 19, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, to form a standard 318.89-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Cottonwood Draw-Strawn Gas Pool and Undesignated Cottonwood Draw-Morrow Gas Pool. The unit is to be designated to the Marine "19" Federal Well No. 1, to be located at an orthodox gas well location in the SW/4NW/4 of Section 19. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles south-southeast of Black River Village, New Mexico.

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