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MAR . 4 2003

Oil Conservation Division

March 4, 2003

Hand Delivered

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

*Case 13034*

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling and a non-standard unit, together with a proposed advertisement, filed on behalf of NGX Company. Please set this matter for the March 27, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk under "NGX."

Very truly yours,



James Bruce

Attorney for NGX Company

PARTIES BEING POOLED

Herman Taylor Helmer  
209 Short Street  
San Marcos, Texas 78666

Marley Dayton Williams  
713 East Garfield  
Phoenix, Arizona 85006

Robert D. Williams  
P.O. Box 866  
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Curtis Neely Management  
P.O. Box 595  
San Carlos, Arizona 85550

Kenneth Blair  
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Diana West  
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Thomas E. Forni  
1013 South Country Club Circle  
Carlsbad, New Mexico 88220

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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Oil Conservation Division

APPLICATION OF NGX COMPANY FOR  
COMPULSORY POOLING AND A NON-  
STANDARD GAS SPACING AND PRORATION  
UNIT, EDDY COUNTY, NEW MEXICO.

No. 13034

APPLICATION

NGX Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the SE¼ of Section 21, Township 22 South, Range 27 East, N.M.P.M., and approving a non-standard gas spacing and proration unit, Eddy County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the SE¼ of Section 21, and has the right to drill or re-complete a well thereon.

2. Applicant proposes to re-enter the existing Boggs Fee Well No. 1 (formerly named the Walker Fee Well No. 1), located 1980 feet from the south line and 990 feet from the east line of the section, and attempt re-completions in the Wolfcamp, Strawn, Atoka, and Morrow formations. Applicant seeks to dedicate the SE¼ of Section 21 to the well.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE¼ of Section 21 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, a number of interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order

pooling all mineral interest owners in the SE¼ of Section 21, pursuant to NMSA 1978 §70-2-17.

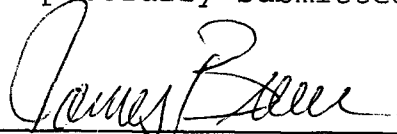
5. Gas-producing formations in this area are spaced on 320 acres. Applicant requests approval of a 160 acre non-standard unit comprised of the SE¼ of Section 21 for any formation(s) in which the well is completed.

6. The pooling of all mineral interests underlying the SE¼ of Section 21, and approval of the non-standard gas spacing and proration unit(s), 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 SE¼ of Section 21, from the surface to the base of the Morrow formation;
- B. Approving the non-standard gas spacing and proration unit(s);
- C. Designating applicant as operator of the well;
- D. Considering the cost of re-entering the well, and allocating the cost thereof among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting those rates as provided in the COPAS accounting procedure; and
- F. Setting a penalty for the risk involved in re-entering and working over the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for NGX Company

PROPOSED ADVERTISEMENT

Case V3034: Application of NGX Company for compulsory pooling and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the SE $\frac{1}{4}$  of Section 21, Township 22 South, Range 27 East, NMPM, to form a non-standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the Boggs Fee Well No. 1, located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21, which is to be re-entered and re-completed. Also to be considered will be the cost of re-entering and re-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 charge for the risk involved in re-entering and working over the well. The unit is located approximately 4 $\frac{1}{2}$  miles southeast of Carlsbad, New Mexico.

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