

#13196

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RECEIVED

NOV 27 2003

Oil Conservation Division

November 25, 2003

Hand Delivered

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

Dear Florene:

Enclosed for filing, on behalf of NM&O Operating Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. Please set this hearing for the December 18, 2003 docket. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for NM&O Operating Company

PARTIES BEING POOLED

Hooper, Kimball & Williams, Inc. (4.167%)
P.O. Box 52147
Tulsa, Oklahoma 74152-0147

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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Oil Conservation Division

APPLICATION OF NM&O OPERATING
COMPANY FOR COMPULSORY POOLING,
RIO ARRIBA COUNTY, NEW MEXICO.

Case No. 13196

APPLICATION

Pursuant to Division Rule 1207.A(1)(b), NM&O Operating Company applies for an order pooling all mineral interests in the Mesaverde formation underlying the E½ of Section 23, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 23, and has the right to drill or re-complete a well thereon.

2. Applicant has re-entered its North Lindrith 23 Well No. 1, located 1610 feet from the north line and 890 feet from the east line of Section 23, and completed it in the Mesaverde formation. Applicant has dedicated the E½ of Section 23 to the well to form a standard 320 acre gas spacing and proration unit in the Blanco-Mesaverde Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 23 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the re-completion 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 E½ of Section 23, pursuant to NMSA 1978 §70-2-17.

5. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of this application:

(a) No opposition is expected because the owner has been contacted repeatedly regarding the proposed well, and has indicated it would farm out its interest, but has failed to formally commit its interest.

(b) A map outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks to dedicate the E½ of Section 23 to the well. The Blanco-Mesaverde Gas Pool is a gas-bearing formation.

(c) The party being pooled, its working interest in the well unit, and its last known address, are as follows:

Hooper, Kimball & Williams, Inc. (4.167%)
P.O. Box 52147
Tulsa, Oklahoma 74152-0147

The above name and address were determined by a diligent search of all public records in Rio Arriba County, New Mexico and Tulsa County, Oklahoma, including phone records. A copy of the proposal letter mailed to the interest owner is attached hereto as Exhibit B.

(d) Pursuant to recently enacted rules, applicant requests that a cost-plus 200% risk charge be assessed against the non-consenting interest owner.

(e) A copy of the Authorization for Expenditure for the well is attached hereto as Exhibit C. The re-completion costs are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Rio Arriba County.

(f) Overhead charges of \$5537.20/month for a drilling well, and \$543.20/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by applicant and other operators in this area for wells of this depth. (These rates have been approved by other consenting interests owner, and are included in the Joint Operating Agreement for the re-entry.)

6. The pooling of all interests underlying the E½ of Section 23 will prevent waste and protect correlative rights.

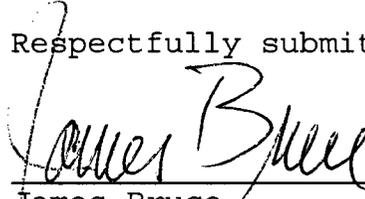
WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 23 in the Blanco-Mesaverde Gas Pool;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering and re-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 cost-plus 200% penalty for the risk involved in drilling and completing the well in the event a working

interest owner elects not to participate in the well.

**APPLICANT REQUESTS THAT IN THE ABSENCE OF OBJECTION THIS
MATTER BE TAKEN UNDER ADVISEMENT.**

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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

Attorney for NM&O Operating Company

VERIFICATION

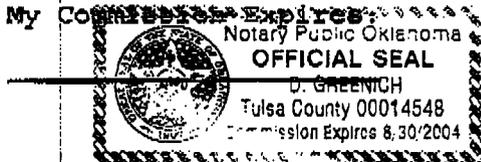
STATE OF OKLAHOMA)
)
COUNTY OF TULSA) ss.

Larry D. Sweet, being duly sworn upon his oath, deposes and states that: He is the president of NM&O Operating Company, and a petroleum engineer by education and training, and is authorized to make this verification on its behalf; he has read the foregoing application and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.


Larry D. Sweet

Subscribed and sworn to before me this 24th day of November, 2003 by Larry D. Sweet.


Notary Public



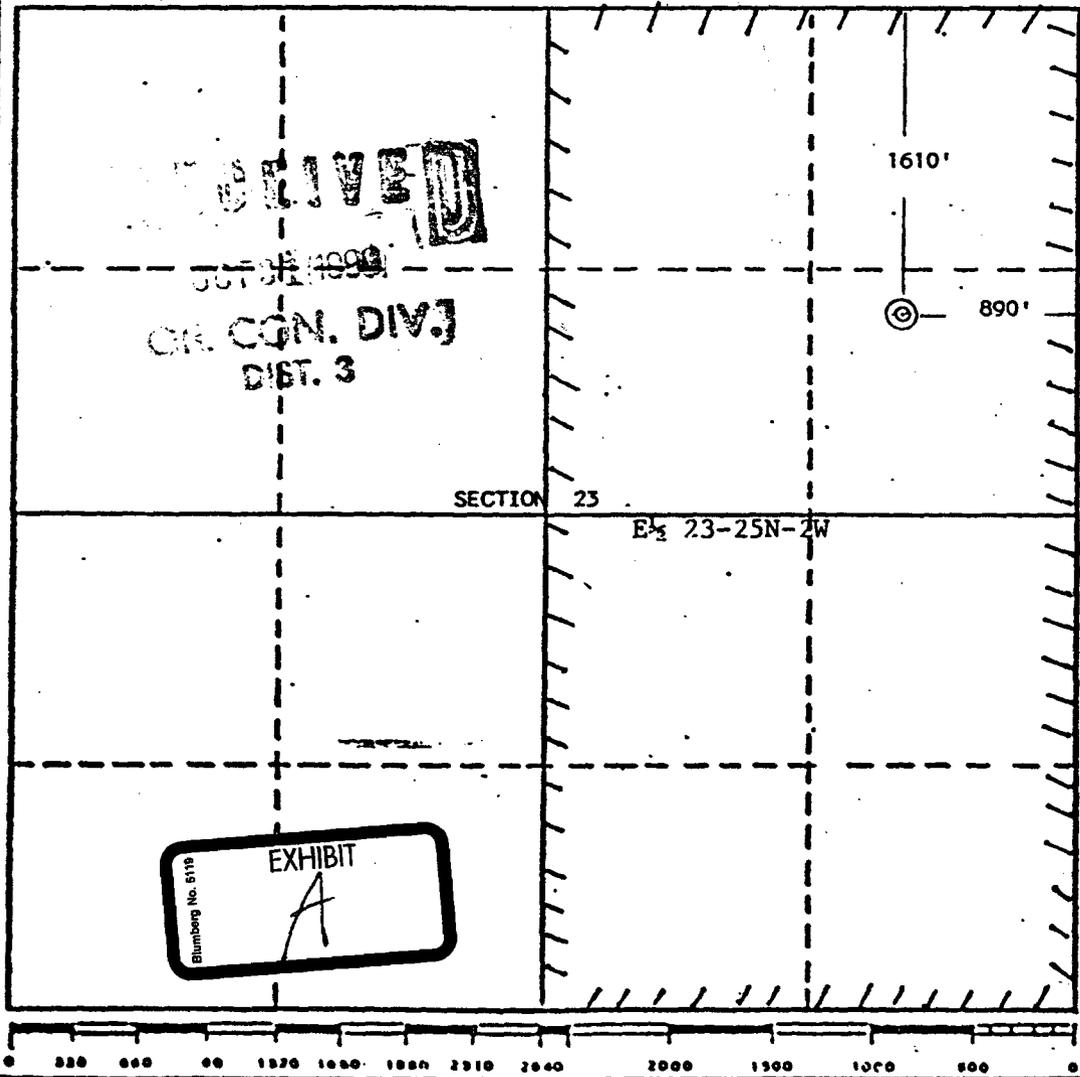
distances must be from the outer boundaries of the section.

Operator Mesa Grande Resources, Inc.		Lease North Lindrith 23		Well No. #1
Unit Letter H	Section 23	Township 15 North	Range 2 West	County Rio Arriba
Actual Footage Location of Well 1610 feet from the North line and 890 feet from the East line				
Ground Level Elev. 7426	Producing Formation Mesaverde	Pool Blanco Mesaverde	Dedicated Acreage 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes" type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) Respacing from 160 acres to 320 acres - case #9850 Ruling #9101 - force pooling pending farmout arrangements - RE - Exhibit "A" attached hereto
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Edgar L. Risenhoover
 Position: President
 Company: Mesa Grande Resources,
 Date: October 22, 1990

EDGAR L. RISENHOOVER
 NEW MEXICO
 5979
 I have personally examined the location shown on this plat and field notes and certify that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: January 17, 1989
 Registered Professional Engineer and/or Land Surveyor

Edgar L. Risenhoover
 Certificate No. 5979
 Edgar L. Risenhoover, L.S.

NM&O Operating Company
 6 E. Fifth St., Ste. 200 Tulsa, Ok. 74103
 Tel: 918-584-3802* Fax: 918-585-1753

NORTH LINDRITH 23 #1

SECTION 23-25N-2W

AFE

RIO ARriba COUNTY, NM

6141'

INTANGIBLES	CODE	Drilling	Completion	Total
legal/land	400/500		18000	18000
roads location	401/501		20000	20000
rig mobilization	402/502		2500	2500
rig	404/504			0
completion rig	505		12600	12600
bits, mills	407/507			0
rentals, tools & equip.	408/508		4000	4000
water, fuel, phone	409/509		2000	2000
services, labor	410/510		13200	13200
trucking	411/511		3000	3000
logging, perforating	412/512			0
geological, mud log	413/513			0
cement, prod. Services	414/514			0
mud, chemical, diesel	415/515			0
stimulation, acid, frac	416/516		4600	4600
inspection, testing	417/517		1000	1000
overhead	418/518			0
supervision	419/519		4400	4400
well insurance			1200	1200
contingency		0	8650	8650
INTANGIBLE TOTAL		0	95150	95150
TANGIBLES				
conductor	541			0
surface	545			0
intermediate	548			0
long string	546			0
tubing	547		1311	1311
casing equipment	551			0
subsurface	552		14962	14962
wellhead	553		600	600
surface equipment	554		45000	45000
line system connection			10000	10000
TANGIBLE TOTAL		0	71873	61873
TOTAL AFE		0	167023	167023

NM&O Approved [Signature] date 3/6/01

Partner Approval [Signature] date _____ Company Hooper, Kimball & Williams
 WI .04166663



PROPOSED ADVERTISEMENT

Case 13196 : Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Blanco-Mesaverde Gas Pool underlying the E½ of Section 23, Township 25 North, Range 2 West, N.M.P.M. The unit is to be dedicated to the North Lindrith 23 Well No. 1, re-entered and completed in the subject pool at an orthodox location in the SE¼NE¼ of Section 23. Also to be considered will be the cost of re-entering 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 cost-plus 200% charge for the risk involved in re-entering the well. The well unit is located approximately 6 miles North of Lindrith, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**