

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF DAMAR ENERGY COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

RECEIVED

JUL 18 1995

Oil Conservation Division CASE NO. 11359

APPLICATION

DAMAR ENERGY COMPANY ("Damar"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SE/4 SE/4 of Section 22, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and for an unorthodox bottomhole well location, and in support thereof states:

1. Applicant owns a working interest in the SE/4 SE/4 of Section 22, and Applicant has the right to drill thereon.
2. Damar proposes to dedicate the above-referenced spacing or proration unit to its MB #22-1 Well to be drilled at a standard oil well location 800 feet from the South line and 660 feet from the East line in the SE/4 SE/4 of said Section 22, to a depth sufficient to test any and all formations from the surface to the base of the Delaware formation, East Loving-Brushy Canyon Pool (formerly the East Loving-Delaware Pool).
3. Damar has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SE/4 SE/4 of said Section 22.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on August 10, 1995 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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