

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF FULLER PRODUCTION, INC.  
FOR COMPULSORY POOLING AND  
AN UNORTHODOX GAS WELL LOCATION  
LEA COUNTY, NEW MEXICO

CASE NO. 11511

A P P L I C A T I O N

Fuller Production, Inc., by its attorneys, Hinkle, Cox, Eaton, Coffield and Hensley, hereby makes application pursuant to New Mexico Statutes Ann. § 70-2-17 (1978) for an order pooling all mineral interests within the N½ Section 33, Township 21 South, Range 33 East, N.M.P.M. for all formations developed on 320-acre spacing, and for an unorthodox well location, Lea County, New Mexico. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well.

In support of its application, Fuller Production, Inc. states:

1. Applicant is a working interest owner and has the right to drill a well in the N½ of said Section 33.

2. Applicant proposes to dedicate said N½ of Section 33 to its Merchant Livestock Co. Federal 33 No. 1 Well which is located at an unorthodox location in the N½ of said Section 33 at a point 660 feet from the North line and 2080 feet from the East line of said section.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in the N½ of Section 33 for the purposes set forth herein. All of the working interest owners of the oil and gas underlying the N½ of Section 33 have voluntarily agreed to the formation of this spacing unit for this well **WITH THE EXCEPTION OF:**

**PARTY:**

**INTEREST:**

Penwell Energy, Inc.  
1100 Arco Building  
600 Marienfeld  
Midland, TX 79701  
Attn: Mark Wheeler

13.875%

CoEnergy Central Exploration, Inc. 36.125%  
150 West Jefferson, Suite 1900  
Detroit, MI 48226  
Attn: Mr. Terry Junga

4. Applicant has proposed the subject well to all parties, but, as of the date of this application, Fuller Production, Inc. has not been able to obtain a written voluntary agreement from the parties listed in paragraph 3 above.

5. Pursuant to Section 70-2-17(c) NMSA (1978 Comp.) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Fuller Production, Inc., seeks an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

8. With respect to the foregoing, Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

9. In accordance with the Division's notice requirements, a copy of this application has been sent to the interest parties listed in paragraph 3 above notifying them of this case and of Applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 18, 1996.

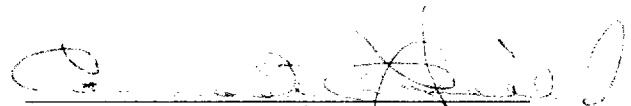
**WHEREFORE**, Fuller Production, Inc., as applicant, requests that this application be set for hearing on April 18, 1996 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described in said N $\frac{1}{2}$  of Section 33 for the

drilling of the subject well at the proposed unorthodox gas well location upon terms and conditions which include:

1. Fuller Production, Inc. to be named operator.
2. Approval of the subject well to be drilled at the unorthodox location specified above.
3. Provisions for Applicant and all other working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
4. If a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completion, equipping and operating the well, including a risk factor penalty of 200%;
5. For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

HINKLE, COX, EATON,  
COFFIELD & HENSLEY



Conrad E. Coffield  
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Santa Fe, New Mexico 87505  
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**CASE 11511:** Application of Fuller Production, Inc. for compulsory pooling and unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the N½ of Section 33, Township 21 South, Range 33 East, N.M.P.M, Lea County, New Mexico, for all formations developed on 320-acre spacing. Said unit is to be dedicated to the applicant's Merchant Livestock Co. Federal 33 No. 1 Well to be drilled at an unorthodox gas well location 660 feet from the North line and 2080 feet from the East line of the section. Also to be considered will be the cost of drilling and completing said 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 drilling said well. Said unit is located approximately 24 miles west of Eunice, New Mexico.