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May 18, 1999

OIL CONSERVATION DIV.

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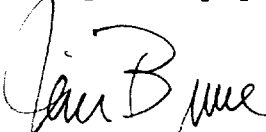
**Hand Delivered**

Florene Davidson  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and two copies of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Vincero Oil and Gas Incorporated. Please set this matter for the June 10, 1999 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Vincero Oil  
and Gas Incorporated

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF VINCERO OIL AND GAS  
INCORPORATED FOR COMPULSORY POOLING  
AND SIMULTANEOUS DEDICATION, LEA  
COUNTY, NEW MEXICO.

No. 12192

APPLICATION

Vincero Oil and Gas Incorporated applies for an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30, Township 18 South, Range 39 East, N.M.P.M., Lea County, New Mexico, and for simultaneous dedication, and in support thereof, states:

1. Applicant is a working interest owner in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 30, and has the right to drill a well thereon.

2. Applicant proposes to drill its Laney-Reese A Well No. 1, at an orthodox oil well location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30, to a depth sufficient to test the San Andres formation, and seeks to dedicate the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30 for all pools or formations developed on 40 acre spacing, including the East Hobbs-San Andres Pool. Said unit will be simultaneously dedicated to the proposed well and to the existing Laney-Reese Well No. 1, located 1980 feet from the south line and 660 feet from the east line of Section 30.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30 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 NE¼SE¼ of Section 30, pursuant to NMSA 1978 §70-2-17 (1996).

5. Applicant requests that Lynx Energy Company, Inc. be named operator of the well.

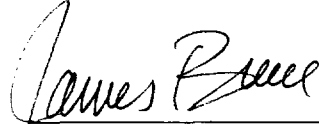
6. The pooling of all mineral interests underlying the NE¼SE¼ of Section 30 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the NE¼SE¼ of Section 30, from the surface to the base of the San Andres formation, and dedicating the well unit to the existing Laney-Reese Well No. 1 and the proposed Laney-Reese A Well No. 1;
- B. Designating Lynx Energy Company, Inc. 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 said rates as provided in the COPAS accounting procedure;
- E. Setting a 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; and

F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

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

Attorney for Vincero Oil and Gas  
Incorporated

PROPOSED ADVERTISEMENT

Case 12192 : Application of Vincero Oil and Gas Incorporated for compulsory pooling and simultaneous dedication, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30, Township 18 South, Range 39 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the East Hobbs-San Andres Pool. Said unit is to be simultaneously dedicated to the Laney-Reese A Well No. 1, to be located at an orthodox location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30, and the existing Laney-Reese Well No. 1. 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 Lynx Energy Company, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. Said unit is located approximately 3 miles northeast of Hobbs, New Mexico.

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