

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.

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APPLICATION OF KCS MEDALLION  
RESOURCES, INC. FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.

Case No. 12261

APPLICATION

KCS Medallion Resources, Inc. applies for an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the E½ of Section 28, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Esperanza Well No. 1, at a location 860 feet from the south line and 1204 feet from the east line of Section 28,<sup>1</sup> to a depth sufficient to test the Morrow formation, and seeks to dedicate the E½ of Section 28 to the well for all pools or formations developed on 320 acre spacing, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool.

3. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the E½ of Section 28 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the

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<sup>1</sup>Applicant has applied for administrative approval of an unorthodox location in the Burton Flat-Morrow Gas Pool.

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 to the well. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 28, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all interests underlying the E½ of Section 28, as set forth above, 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 E½ of Section 28, from the base of the Bone Spring formation to the base of the Morrow formation;
- B. Designating applicant 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 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 appropriate.

Respectfully submitted,

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

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James Bruce  
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Attorney for KCS Medallion Resources, Inc.