

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV
CO APR 10 AM 11:42

APPLICATION OF HOME-STAKE OIL & GAS
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

No. 12463

APPLICATION

Home-Stake Oil & Gas Company applies for an order pooling all mineral interests from the surface to the base of the Fusselman formation underlying the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, and has the right to drill a well thereon.

2. Applicant proposes to drill its Keohane Well No. 1, at an orthodox oil well location, and seeks to dedicate the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26 to all pools or formations developed on 40 acre spacing, including the Undesignated South McCormack-Silurian Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all mineral interest owners in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26 for the purposes set forth herein.

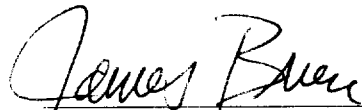
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, pursuant to NMSA 1978 § 70-2-17.

5. The pooling of all mineral interests underlying the NW¼SE¼ of Section 26 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 from the surface to the base of the Fusselman formation underlying the NW¼SE¼ of Section 26;
- 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 the rates pursuant to 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,



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

Attorney for Home-Stake Oil & Gas
Company