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#12492

August 29, 2000

Hand Delivered

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

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Texakoma Oil & Gas Corporation. The application and proposed advertisement are also on the enclosed disk. Please set this matter for the September 21st Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Texakoma
Oil & Gas Corporation

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF TEXAKOMA OIL & GAS
CORPORATION FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

No. 12492

APPLICATION

Texakoma Oil & Gas Corporation applies for an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 5, 6, 7, NE $\frac{1}{4}$, and SE $\frac{1}{4}$ NW $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) of irregular Section 18, Township 31 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 18, and has the right to drill a well thereon.

2. Applicant proposes to drill its La Plata 18 Well No. 1, at an orthodox gas well location 1296 feet from the north line and 665 feet from the east line (Unit Letter A) of Section 18, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ of Section 18 to form a standard 160 acre gas spacing and proration unit for all formations and/or pools developed on 160 acre spacing within that vertical extent; and

(b) The N $\frac{1}{2}$ of Section 18 to form a non-standard 255.73-acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 18 for the purposes set forth herein.

30-045 - 30341

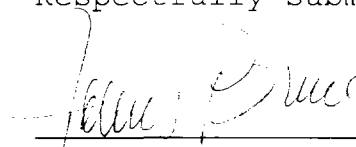
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 18, as set forth above, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 18 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 N½ of Section 18, from the surface to the base of the Fruitland 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 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 an 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 Texakoma Oil & Gas
Corporation

PROPOSED ADVERTISEMENT

2000-08-29 10:43:36

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Case 12492:

Application of Texakoma Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 5, 6, 7, NE $\frac{1}{4}$, and SE $\frac{1}{4}$ NW $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) of Section 18, Township 31 North, Range 13 West, NMPM, and in the following manner: The NE $\frac{1}{4}$ of Section 18 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the N $\frac{1}{2}$ of Section 18 to form a non-standard 255.73-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to applicant's La Plata 18 Well No. 1, to be drilled at an orthodox gas well location in the NE $\frac{1}{4}$ of Section 18. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The well unit is located approximately 3 $\frac{1}{2}$ miles southwest of La Plata, New Mexico.