

OIL CONSERVATION DIV.  
BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF POGO PRODUCING  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

No. 12580

APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Section 24, Township 20 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in Section 24, and has the right to drill a well thereon.

2. Applicant proposes to drill its McMillan State "24" Well No. 1, at an orthodox location 660 feet from the south and east lines of the Section 24, and seeks to dedicate the following acreage to the well:

- (a) The SE $\frac{1}{4}$ SE $\frac{1}{4}$  of the section for all pools or formations developed on 40 acre spacing within that vertical extent;
- (b) The SE $\frac{1}{4}$  of the section for all pools or formations developed on 160 acre spacing within that vertical extent;
- (c) The S $\frac{1}{2}$  of the section for all pools or formations developed on 320 acre spacing within that vertical extent, including the Undesignated McMillan-Cisco Gas Pool and the Undesignated Northeast Springs-Strawn Gas Pool; and
- (d) All of the section for all pools or formations developed on 640 acre spacing within that vertical extent, including the McMillan-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 24 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 Section 24, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying Section 24 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:

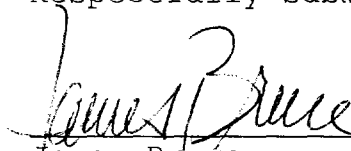
A. Pooling all mineral interests in Section 24, from the surface to the base of the Morrow formation;

B. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;

C. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and

D. 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.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
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Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Pogo Producing Company

PROPOSED ADVERTISEMENT

Case 12580: Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Section 24, Township 20 South, Range 26 East, NMPM, and in the following manner: All of the section for all pools or formations developed on 640 acre spacing within that vertical extent, including the McMillan-Morrow Gas Pool; the S½ of the section for all pools or formations developed on 320 acre spacing within that vertical extent, including the Undesignated McMillan-Cisco Gas Pool and the Undesignated Northeast Springs-Strawn Gas Pool; the SE¼ of the section for all pools or formations developed on 160 acre spacing within that vertical extent; and the SE¼SE¼ of the section for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the McMillan State "24" Well No. 1, to be drilled at an orthodox location 660 feet from the south and east lines of Section 24. 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 units are located approximately 5½ miles southeast of Seven Rivers, New Mexico.

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