

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PRIMERO OPERATING,
INC. FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

No. 12618

APPLICATION

Primero Operating, Inc. applies for an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SW $\frac{1}{4}$ of Section 5, Township 8 South, Range 30 East, N.M.P.M., Chaves County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ of Section 5, and has the right to re-enter or drill a well thereon.

2. Applicant proposes to re-enter, clean out, and complete the Jennings Com. Well No. 1, located 660 feet from the south and west lines of the section, and test the San Andres formation (approximately 3520 feet subsurface), and seeks to dedicate the SW $\frac{1}{4}$ of Section 5 to the well to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated West Cato-San Andres Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ of Section 5 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 are unlocatable, and thus have failed to join in dedicating their interests. Therefore, applicant seeks

an order pooling all mineral interest owners in the SW¼ of Section 5, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW¼ of Section 5 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 SW¼ of Section 5, from the surface to the base of the San Andres formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering 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; and
- E. Setting a penalty for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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PROPOSED ADVERTISEMENT

Case 12618: Application of Primero Operating, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SW¼ of Section 5, Township 8 South, Range 30 East, NMPM, 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, including but not limited to the Undesignated West Cato-San Andres Gas Pool. The unit is to be dedicated to applicant's Jennings Com. Well No. 1, to be re-entered at a location 660 feet from the south and west lines of Section 5. Also to be considered will be the cost of re-entering 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 unit is located approximately 15 miles southwest of Kenna, New Mexico.

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