

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ELM RIDGE RESOURCES,  
INC. FOR COMPULSORY POOLING, SAN  
JUAN COUNTY, NEW MEXICO.

No. 12620

APPLICATION

Elm Ridge Resources, Inc. applies for an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying the N $\frac{1}{2}$  of Section 24, Township 26 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 24, and has the right to drill a well thereon.

2. Applicant proposes to drill its Ryleybart Fed. Well No. 1, at an orthodox location in the NE $\frac{1}{4}$  of the section, and seeks to dedicate the N $\frac{1}{2}$  of Section 24 for all pools or formations developed on 320 acre spacing, 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 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 the N $\frac{1}{2}$  of Section 24, pursuant to NMSA 1978 §70-2-17.

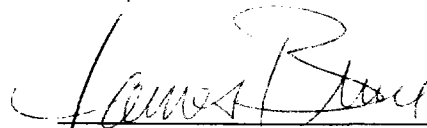
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5. The pooling of all mineral interests underlying the N½ of Section 24 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N½ of Section 24, from the surface to the base of the Basin-Fruitland Coal Gas Pool;
- 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 those rates as provided in 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,



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Attorney for Elm Ridge Resources,  
Inc.

PROPOSED ADVERTISEMENT

Case 12620 : Application of Elm Ridge Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying the N½ of Section 24, Township 26 North, Range 13 West, NMPM, to form a standard 320-acre gas spacing and proration unit for any 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 the Ryleybart Fed. Well No. 1, to be drilled at an orthodox location in the NE¼ 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 unit is located approximately 22 miles southeast of Farmington, New Mexico.

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