

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
PATTERSON PETROLEUM, LP FOR
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.

CASE NO. 12668

OIL CONSERVATION DIV.
MAY - 8 PM 1:43

APPLICATION

PATTERSON PETROLEUM, LP ("Patterson"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation, under the following acreage in Section 31, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico:

- A. the S/2 to form a standard gas spacing and proration unit comprised of 310.69 acres (due to irregular lots 3 and 4) for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not necessarily limited to the undesignated Vacuum Morrow Gas Pool;
- B. the SE/4 to form a standard 160-acre spacing and proration unit for formations developed on 160-acre spacing within that vertical extent; and,
- D. the SW/4 SE/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, including but not necessarily limited to the undesignated East Corbin-Wolfcamp, the undesignated EK Yates-Seven Rivers Queen, the undesignated Corbin-Abo, the undesignated North Vacuum-Abo, and the undesignated Vacuum Grayburg San Andres Oil Pools.

Said spacing and proration units are to be dedicated to Patterson's proposed Gach "31" State Well No. 1, to be drilled at standard location in the SW/4 SE/4 of said Section 31, and in support of its application states:

1. Patterson is a working interest owner in said Section 31 and has the right to drill thereon.

2. Patterson proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the SE/4 of said Section 31, to a depth sufficient to test any and all formations to the base of the Morrow formation.

3. Patterson has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from certain individuals or entities owning an interest in the minerals underlying the subject acreage.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Patterson Petroleum, LP should be designated the operator of the well to be drilled.

WHEREFORE, Patterson Petroleum, LP requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 31, 2001, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Patterson operator of these spacing and proration units, and authorizing Patterson to recover its costs of drilling, equipping and completing the well, its costs of supervision while

drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Patterson in drilling, completing and equipping the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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ATTORNEYS FOR PATTERSON PETROLEUM LP

CASE ~~12268~~ Application of Patterson Petroleum, LP for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following manner: the S/2 for all formations developed on 320-acre spacing, including but not necessarily limited to the undesignated Vacuum Morrow Gas Pool; the SE/4 for all formations developed on 160-acre spacing; and the SW/4 SE/4 for all formations developed on 40-acre spacing, including but not necessarily limited to the undesignated East Corbin-Wolfcamp, the undesignated EK Yates-Seven Rivers Queen, the undesignated Corbin-Abo, the undesignated North Vacuum-Abo, and the undesignated Vacuum Grayburg San Andres Oil Pools, all in Section 31, Township 17 South, Range 34 East, NMPM. Applicant proposes to dedicate these pooled units to its proposed Gach "31" State Well No. 2, to be drilled at a standard gas well location in the SW/4 SE/4 of said Section 31. Also to be considered will the cost of drilling and completing said 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 risk involved in drilling said well. Said area is located approximately 4.5 miles southwest of Buckeye, New Mexico.