

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY, INC.  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

No. 12713

APPLICATION

Ocean Energy, Inc. applies for an order pooling all mineral interests from the surface to the base of the of the Lower Mississippian Lime underlying the W½ of Section 17, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W½ of Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill its Eidson Ranch 17 State Com. 17 Well No. 1, at an orthodox location in the NE¼NW¼ (Unit C) of the section, and seeks to dedicate the following acreage to the well:

(a) The NW¼ of Section 17 for all pools or formations developed on 160-acre spacing within that vertical extent; and

(b) The W½ of Section 17 for all pools or formations developed on 320-acre spacing within that vertical extent, including the Townsend-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 17 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

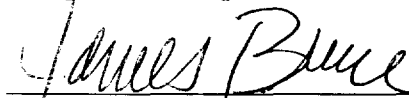
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 17 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 W½ of Section 17, from the surface to the base of the Lower Mississippian Lime;
- B. Naming 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 as provided in the COPAS accounting procedure; and
- 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.

Respectfully submitted,

  
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