

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

**IN THE MATTER OF THE APPLICATION OF  
LOUIS DREYFUS NATURAL GAS CORPORATION  
FOR COMPULSORY POOLING, CHAVEZ COUNTY,  
NEW MEXICO.**

CASE NO. 12735

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**APPLICATION**

LOUIS DREYFUS NATURAL GAS CORP. ("Louis Dreyfus"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. Section 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation under the following acreage in Section 4, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico: the E/2 to form a standard 320-acre gas spacing unit for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing unit for all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre spacing unit for all formations and/or pools developed on 40-acre spacing within that vertical extent. Said unit is to be dedicated to applicant's proposed Saragossa 4 Federal Com Well No. 1 to be drilled at a standard location in Unit I of said section. In support of this application, Louis Dreyfus states:

1. Louis Dreyfus is a working interest owner in the E/2 of said Section 4 and has the right to drill thereon.

2. Louis Dreyfus proposes to dedicate the above-referenced spacing units to its proposed Saragossa 4 Federal Com Well No. 1 to be drilled to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Louis Dreyfus has sought and been unable to obtain either voluntary agreement for pooling or farmout from all interest owners in the E/2 of said Section 4.

4. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

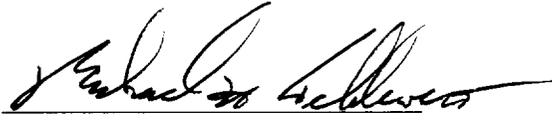
5. A list of the names and addresses of the persons to whom notice has been sent is attached hereto as Exhibit A.

WHEREFORE, Louis Dreyfus requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 4, 2001, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing unit,
- B. designating Louis Dreyfus operator of the unit and the well to be drilled thereon,
- C. authorizing Louis Dreyfus to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART  
and  
CAMPBELL & CARR

By: 

Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR LOUIS DREYFUS  
NATURAL GAS CORPORATION

**EXHIBIT A.**

**APPLICATION OF LOUIS DREYFUS NATURAL GAS  
FOR COMPLUSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**POGO Producing Company  
P. O. Box 10340  
Midland, Texas 79702-7340  
Attn: Scott McDaniel**

**CASE 12735: Application of Louis Dreyfus Natural Gas Corporation 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 the following described acreage in Section 4, Township 23 South, Range 26 East, in the following manner: the E/2 to form a standard 320-acre gas spacing unit for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing unit for all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre spacing unit for all formations and/or pools developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to Applicant's proposed Saragossa 4 Fed Com Well No. 1 to be located at a standard location in Unit I of this section. Also to be considered will the cost of drilling and completing said well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a charge for risk involved in drilling and completing this well. This unit is located approximately 6 miles southwest of Carlsbad, New Mexico.