

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SOUTHWESTERN ENERGY  
PRODUCTION COMPANY FOR COMPULSORY  
POOLING AND A NON-STANDARD GAS  
SPACING AND PRORATION UNIT, EDDY  
COUNTY, NEW MEXICO.

No. 12830

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1-4 and the E $\frac{1}{2}$ W $\frac{1}{2}$  (the W $\frac{1}{2}$  equivalent) of Section 18, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$  of Section 18, and has the right to drill a well thereon.

2. Applicant proposes to drill its Leatherstocking "18" State Com. Well No. 1, at an orthodox gas well location in Lot 1 (Unit Letter D) of Section 18, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the W $\frac{1}{2}$  of Section 18 to the well to form a non-standard 334.68 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$  of Section 18 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 18, pursuant to NMSA 1978 §70-2-17.

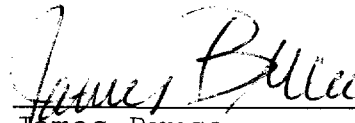
5. The pooling of all mineral interests underlying the W½ of Section 18 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. Due to well commencement obligations, applicant requests expedited approval of this application.

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

- A. Pooling all mineral interests in the W½ of Section 18 from the surface to the base of the Mississippian formation;
- 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 the rates pursuant to 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
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Attorney for Southwestern Energy  
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