

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RICKS EXPLORATION,
INC. FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

No. 12990

APPLICATION

Ricks Exploration, Inc. applies for an order pooling all mineral leasehold interests from the surface to the base of the Wolfcamp formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, and has the right to drill a well thereon.

2. Applicant proposes to drill its State 22 Well No. 2, at an orthodox oil well location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of the section, and seeks to dedicate the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22 to the well for all pools or formations developed on 40 acre spacing, including the Undesignated Trinity-Wolfcamp Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22 for the purposes set forth herein.

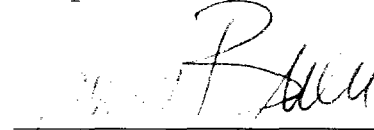
4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the SW~~1~~/~~4~~NE~~1~~/~~4~~ of Section 22 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 leasehold interests in the SW~~1~~/~~4~~NE~~1~~/~~4~~ of Section 22, from the surface to the base of the Wolfcamp 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 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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PROPOSED ADVERTISEMENT

Case 12990: Application of Ricks Exploration Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, Township 12 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Trinity-Wolfcamp Pool. The unit is to be dedicated to the State 22 Well No. 2, to be drilled at an orthodox oil well location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22. 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 14 miles east of Tatum, New Mexico.