

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

CASE NO. 12996

APPLICATION OF BP AMERICA PRODUCTION  
COMPANY FOR COMPULSORY POOLING, SAN  
JUAN COUNTY, NEW MEXICO.

APPLICATION

BP America Production Company applies for an order pooling all mineral interests from the base of the Pictured Cliffs formation to the top of the Dakota formation underlying the SW/4 of Section 24, Township 29 North, Range 12 West, N.M.P.M., and in support thereof, states:

1. Applicant is a working interest owner in the SW/4 of Section 24, and has the right to drill or re-complete a well thereon.
2. The Crawford Gas Unit "B" Well No. 1, located in the NW/4SW/4 of Section 24, has been drilled and completed in the Basin-Dakota Gas Pool.
3. Applicant proposes to re-complete the well, and seeks to dedicate the following acreage to the well:
  - (a) The SW/4 of Section 24 to form a standard 160 acre gas spacing and proration unit for any pools and/or formations developed on 160 acre spacing within that vertical extent, including the Undesignated Otero-Chacra Gas Pool; and
  - (b) The NW/4SW/4 of Section 24 to form a standard 40 acre oil spacing and proration unit for any pools and/or formations developed on 40 acre spacing within that vertical extent.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW/4 of Section 24 for the purposes set forth herein.

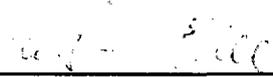
5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the re-completion of the well, or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SW/4 of Section 24 pursuant to NMSA Section 70-2-17.

6. The pooling of all mineral interests underlying the SW/4 of Section 24 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 SW/4 of Section 24, from the base of the Pictured Cliffs formation to the top of the Dakota formation;
- B. Naming applicant as operator of the well;
- C. Considering the cost of re-completing the well, and allocating the cost thereof to 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 re-completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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Company