

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF OGS OPERATING COMPANY, INC.
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE:

A P P L I C A T I O N

COMES NOW, OGS OPERATING COMPANY, INC., by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests underlying the following described acreage in Section 5, T24S, R25E, Eddy County, New Mexico, in the following described manner:

N/2 to form a 319.62 acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre gas well spacing.

The above described unit is to be dedicated to a well to be drilled to the base of the Morrow Formation at a standard well location 990 feet from the North line and 1980 feet from the West line of said Section 5.

1. Applicant, OGS Operating Company, Inc. is a working interest owner of the SE/4NE/4 and S/2NW/4 of said Section 5.

2. Applicant has sought a voluntary agreement for the formation of a N/2 section spacing unit for the drilling, completion and production of the subject well but has been unable to obtain a voluntary agreement from the following parties:

- | | | |
|-----|-----------------------------|------------------|
| (a) | Amoco Production Company | Lot 3 (NE/4NW/4) |
| | 501 Westlake Park Blvd. | 40.01 acres |
| | Houston, TX 77077 | 12.5179% of unit |
| | Attn: Mr. Tim Custer | |
| (b) | Yates Petroleum Corporation | Lots 1 & 2 |
| | 105 S. Fourth Street | SW/4NE/4 |
| | Artesia, NM 88210 | 120.54 acres |
| | Attn: Mr. Randy Patterson | 37.7135% of unit |
| (c) | Santa Fe Energy Company | Lot 4 (NW/4NW/4) |
| | 500 W. Illinois Suite 500 | 39.07 acres |
| | Midland, TX 79701 | 12.2239% of unit |
| | Attn: Mr. Pat Tower | |

3. Pursuant to the Division notice requirements, applicant has notified all parties to be pooled of this application for compulsory pooling and the applicant's request for a hearing before the Division to be set on November 9, 1988.

4. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, and that the order make provisions for applicant to recover out of

production its costs of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, for such other and further relief as may be proper.

Respectfully submitted,



By
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