

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF J. CLEO THOMPSON AND JAMES CLEO :
THOMPSON, JR., A PARTNERSHIP, FOR :
THE COMPULSORY UNIT OPERATION OF A : CASE NO. 7945
POOL, WEST SQUARE LAKE UNIT AREA, :
EDDY COUNTY, NEW MEXICO :
_____ :

APPLICATION

COMES NOW J. Cleo Thompson and James Cleo Thompson, Jr., a partnership, by its attorneys, pursuant to § 70-7-1, et seq., N.M.S.A. (1978), and requests that the Division enter an order for the compulsory unit operation of a pool, and in support hereof, states:

1. Heretofore, on October 20, 1983, by Order R-7375, the Division approved, as a voluntary unit, the lands and interests sought to be unitized herein.

2. A description of the proposed unit area is given on the plat thereof on file herein. The vertical limits of the area so unitized is defined as that interval underlying the unit area which is productive of unitized substances having been heretofore found to occur in the Newmont Oil Company Etz "C" No. 1 Well (located in Section 34, Township 16 South, Range 30 East, N.M.P.M., Eddy County, New Mexico) at an indicated depth of from 2,818 feet to 3,150 feet, as recorded on the Borehole Compensated

Sonic Gamma log measured from a kelley bushing elevation of 3,740 feet above sea level.

3. The reservoir involved in the application has been reasonably defined by development.

4. J. Cleo Thompson and James Cleo Thompson, Jr., a partnership, as operator, proposes to conduct a secondary recovery program for the unit area, consisting of injection of water under pressure, for the recovery of oil and gas.

5. Three copies of the proposed plan of unitization, which the Applicant considers fair, reasonable and equitable, are on file herein.

6. Three copies of the proposed operating plan covering the manner in which the unit will be supervised and managed, and costs allocated and paid, are on file herein.

7. The unitized management, operation and further development of the oil or gas pool is reasonably necessary in order to effectively carry on secondary recovery operations to substantially increase the ultimate recovery of oil and gas from the pool or the unitized portion thereof.

8. That secondary recovery methods of operations as applied to such pool or portion thereof is feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool or unitized portion thereof than would otherwise be recovered.

9. That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of the additional oil and gas so recovered plus a reasonable profit.

10. That such unitization and adoption of such unitized methods of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof directly affected.

11. That the operator has made a good faith effort to secure voluntary unitization within the pool or portion thereof directly affected.

12. That the participation formula contained in the unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.

13. The ratification or approval of operator's plan of operation by the owners required to so ratify by § 70-7-8, N.M.S.A. (1978), and by the Commissioner of Public Lands of the State of New Mexico, and the United States Minerals Management Service, will be forthcoming prior to the effective date of any order issued pursuant to this application by the Division.

WHEREFORE, Applicant prays that this matter be set for hearing and, upon hearing, the Division enter its order approving operator's unit agreement for compulsory unit operation of the West Square Lake Unit hereinabove defined, within the vertical limits hereinabove set forth; making provision for the matters

prescribed by §§ 70-7-7 and 70-7-8, N.M.S.A. (1978), and for such other and further relief as to the Division seems proper.

J. CLEO THOMPSON AND JAMES CLEO
THOMPSON, a partnership

By: *Chad Dickerson*
Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210
(505) 746-3508

Attorneys for Applicant