

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF TEXAS STANDARD
OPERATING NM LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Texas Standard Operating NM LLC applies for an order pooling all mineral interest owners in the Upper Penn formation (Pool Code 98333) in a horizontal spacing unit underlying the SE/4SE/4 of Section 10, the E/2E/2 of Section 15, and the E/2E/2 of Section 22, Township 17 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the SE/4SE/4 of Section 10, the E/2E/2 of Section 15, and the E/2E/2 of Section 22, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Alpha Dog State Well Nos. 1H and 2H to depths sufficient to test the Upper Penn formation, and has dedicated the SE/4SE/4 of Section 10, the E/2E/2 of Section 15, and the E/2E/2 of Section 22 to the wells. The wells are horizontal wells, with first take points in the SE/4SE/4 of Section 10 and last take points in the SE/4SE/4 of Section 22.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE/4SE/4 of Section 10, the E/2E/2 of Section 15, and the E/2E/2 of Section 22 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 wells or to otherwise commit their interests to the well, certain mineral interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Upper

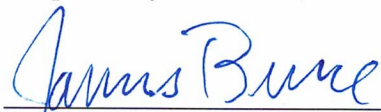
Penn formation underlying the SE/4SE/4 of Section 10, E/2E/2 of Section 15, and the E/2E/2 of Section 22, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Upper Penn formation underlying the SE/4SE/4 of Section 10, the E/2E/2 of Section 15, and the E/2E/2 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 interest owners in the Upper Penn formation underlying the SE/4SE/4 of Section 10, the E/2E/2 of Section 15, and the E/2E/2 of Section 22;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost among the wells' 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 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Texas Standard Operating NM
LLC