

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF E.G.L. RESOURCES, INC.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. _____

APPLICATION

E.G.L. Resources, Inc. applies for an order pooling all mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2SW/4 of Section 16 and the W/2W/2 of Section 21, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

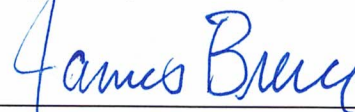
1. Applicant is an operator in the W/2SW/4 of Section 16 and the W/2W/2 of Section 21, and has the right to drill a well thereon.
2. Applicant proposes to drill the Money Penny 16-21 Well No. 1H to a depth sufficient to test the Bone Spring formation, with a first take point in the SW/4SW/4 of 21 and a final take point in the NW/4SW/4 of Section 16.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2SW/4 of Section 16 and the W/2W/2 of Section 21 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 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 Bone Spring formation underlying the W/2SW/4 of Section 16 and the W/2W/2 of Section 21, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the W/2SW/4 of Section 16 and the W/2W/2 of Section 21 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 Bone Spring formation underlying the W/2SW/4 of Section 16 and the W/2W/2 of Section 21;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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