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William F. Carr

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March 18, 2003

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13049*

**RECEIVED**

MAR 18 2003

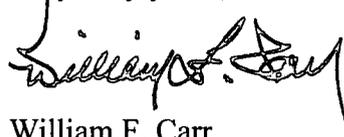
Oil Conservation Division

Re: Application of EGL Resources, Inc. for Compulsory Pooling, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of EGL Resources, Inc. in the above-referenced case as well as a copy of the legal advertisement. EGL Resources, Inc. requests that this matter be placed on the docket for the April 10, 2003 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Robert E. Landreth

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**RECEIVED**

**IN THE MATTER OF THE APPLICATION  
OF EGL RESOURCES, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

MAR 18 2003

CASE NO. 13049  
Oil Conservation Division

**APPLICATION**

EGL RESOURCES, INC., ("EGL") through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the base of the Morrow formation to the base of the Devonian formation in the 640-acre spacing and proration unit comprised of Section 4, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support of its application states:

1. EGL is a working interest owner in said Section 4 and has the right to drill thereon.
2. EGL proposes to dedicate the above-referenced spacing or proration unit to the Rio Blanco "4" Federal Well No. 1 (API No. 30-025-34515) to be re-entered at a standard gas well location 1980 feet from the North and West lines (Unit F) of said Section 4 and drill to a depth sufficient to test any and all formations from the base of the Morrow formation to the base of the Devonian formation, Undesignated North Bell Lake-Devonian Gas Pool.
3. EGL has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the EGL to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and EGL Resources, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, EGL Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 10, 2003 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating EGL Resources, Inc. operator of this unit and the well located thereon,
- C. authorizing EGL Resources, Inc. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by EGL Resources, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,  
HOLLAND & HART LLP

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR EGL RESOURCES, INC.

CASE 13049 :

**Application of EGL Resources, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the base of the Morrow formation to the to the base of the Devonian formation, North Bell Lake-Devonian Gas Pool, in the 640-acre spacing and proration unit comprised of Section 4, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Said unit is to be dedicated to the Rio Blanco "4" Federal Well No. 1 to be re-entered at a standard gas well location 1980 feet from the North and West lines (Unit F) of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of EGL Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles southwest of Eunice, New Mexico.