

HOLLAND & HART LLP



Adam G. Rankin  
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February 28, 2012

**VIA HAND DELIVERY**

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

*Case 14807*

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**Re: Application of Burgundy Oil & Gas of New Mexico, Inc. for Compulsory Pooling, Lea County, New Mexico.**

Dear Ms. Bailey:

Enclosed please find the Application for Compulsory Pooling by Burgundy Oil & Gas of New Mexico, Inc., as well as a copy of the legal advertisement. Applicant requests that this matter be placed on the docket for the March 29, 2012, examiner hearing.

Sincerely,

Adam G. Rankin

Enclosures

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF BURGUNDY OIL & GAS OF  
NEW MEXICO, INC. FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 14807

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APPLICATION

BURGUNDY OIL & GAS OF NEW MEXICO, INC. ("Burgundy") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Paddock formation, the Lovington Paddock Pool, in a standard 40-acre, more or less, oil spacing and proration unit comprised of Unit Letter M, Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, which is to be dedicated to the Homestake No. 1 Well (API# 30-025-05343) at a standard oil well location 660 feet from the South and West lines of said Section. In support of this application Burgundy states:

1. Burgundy is an interest owner in the subject lands and has the right to re-enter or drill a well thereon.
2. Burgundy proposes to re-enter the Homestake No. 1 well to test the Paddock formation.
3. Burgundy seeks to dedicate the SW/4 SW/4 of said Section 28 to form a standard 40-acre, more or less, oil spacing and proration unit.

4. Burgundy has sought but been unable to obtain a voluntary agreement from all mineral interest owners in the Paddock formation underlying the proposed project area to participate in the re-entry of the well or to otherwise commit their interests to the well.

5. Approval of the standard unit and the pooling of all mineral interests in the Paddock formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Burgundy requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 29, 2012, and, after notice and hearing as required by law, the Division enters its order:

- A. Pooling all mineral interests in the Paddock formation underlying the SW/4 SW/4 of Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico;
- B. Designating Burgundy as operator of this unit and the well to be re-entered thereon;
- C. Authorizing Burgundy to recover its costs associated with drilling, equipping and completing the well in an attempt to re-establish oil and gas production from the well;
- 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 re-entering and establishing oil and gas production from the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

By  \_\_\_\_\_

Michael H. Feldewert

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**ATTORNEYS FOR**

**BURGUNDY OIL & GAS OF NEW MEXICO, INC.**

CASE 14807

**Application of Burgundy Oil & Gas of New Mexico, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Paddock formation, the Lovington Paddock Pool, in a standard 40-acre, more or less, oil spacing and proration unit comprised of Unit Letter M, Section 28, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, which is to be dedicated to the Homestake No. 1 Well (API# 30-025-05343) at a standard oil well location 660 feet from the South and West lines of said Section. Also to be considered will be the cost of re-entering and attempting to restore production of said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Burgundy Oil & Gas of New Mexico, Inc. as operator of the well, and a 200% charge for risk involved in re-entry of said well. Said area is located approximately 5 miles southeast of Lovington, New Mexico.

February 28, 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**AFFECTED PARTIES**

**Re: Application of Burgundy Oil & Gas of New Mexico, Inc. for compulsory pooling, Lea County, New Mexico.**

This letter is to advise you that Burgundy Oil & Gas of New Mexico, Inc. ("Burgundy") has filed the enclosed application with the New Mexico Oil Conservation Division. This application has been set for hearing before a Division Examiner at 8:15 a.m. on March 29, 2012. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,



Adam G. Rankin

**ATTORNEY FOR  
BURGUNDY OIL & GAS OF NEW MEXICO, INC.**

Enclosures