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2014 SEP 30 P 1:53

September 30, 2014

Ms. Jami Bailey, Director  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87501

Hand-Delivered

Re: NMOCD Case No. 15224 : Application of Sovereign Eagle, LLC for  
Compulsory Pooling, Roosevelt County, New Mexico

Dear Ms. Bailey:

On behalf of Sovereign Eagle, LLC, Inc., enclosed is an original and one copy of an Application in the above-referenced case. Please set this matter for hearing on the October 30, 2014 examiner docket. Also enclosed is a proposed advertisement for the case.

Very truly yours,

J. Scott Hall

JSH:lb  
Enclosures

612853

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

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**IN THE MATTER OF THE APPLICATION  
OF SOVEREIGN EAGLE, LLC  
FOR COMPULSORY POOLING,  
ROOSEVELT COUNTY, NEW MEXICO**

CASE NO. 15224

**APPLICATION**

SOVEREIGN EAGLE, LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall and Seth C. McMillan), hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order consolidating each of the 40-acre, 160-acre, and 320-acre spacing units within the N/2 of Section 26, Township 2 South, Range 29 East, NMPM, Roosevelt County, New Mexico as follows: the SE/4 NW/4 for all formations developed on a 40-acre basis; the NW/4 for all formations developed on a 160-acre basis; and the N/2 for all formations developed on a 320-acre basis, including but not limited to the Montoya formation, Tule-Montoya Gas Pool (86442).

In support, Applicant states:

1. Applicant owns certain working interests in and under the N/2 of Section 26 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Stoltenberg No. 1 Well drilled vertically at an orthodox surface location 1650 feet from the north line and 2310 feet from the west line, within the SE/4 of the NW/4 of Section 26 (Unit F), to test any and all formations from the surface to the base of the Montoya formation within the spacing and proration units described above.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the N/2 of Section 26.

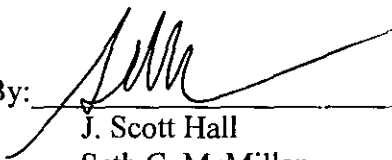
4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated operator of the well.

5. The pooling of interests will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the subject lands, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on October 30, 2014 and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit, the standard project area and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By:   
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Attorneys for Sovereign Eagle, LLC

**Case 15224 Application of Sovereign Eagle, LLC for Compulsory Pooling, Roosevelt County, New Mexico.** Applicant seeks an order consolidating each of the 40-acre, 160-acre, and 320-acre spacing units within the N/2 of Section 26, Township 2 South, Range 29 East, NMPM, Roosevelt County, New Mexico as follows: the SE/4 NW/4 for all formations developed on a 40-acre basis; the NW/4 for all formations developed on a 160-acre basis; and the N/2 for all formations developed on a 320-acre basis, including but not limited to the Montoya formation, Tule-Montoya Gas Pool (86442). The units will be dedicated to the Stoltenberg Well No. 1 drilled at a standard well location 1,650 feet from the north line and 2,310 feet from the west of line in the SE/4 NW/4 of Section 26. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 17 miles northwest of Elida, New Mexico.