

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

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APPLICATION OF FOUR STAR OIL AND
GAS COMPANY FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15280

APPLICATION

Four Star Oil and Gas Company ("Four Star"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling an uncommitted mineral interest in all formations from the surface to the base of the Fruitland formation underlying the W/2 of Section 14, Township 27 North, Range 9 West, N.M.P.M., San Juan County, New Mexico to form a standard 320-acre spacing unit and proration unit for all formations and/or pools developed on 320-acre spacing within this vertical extent, which includes but is not limited to the Basin Fruitland Coal Gas Pool (Code 71629). In support of its application, Four Star states:

1. Four Star (OGRID No. 131994) is a working interest owner in the W/2 of Section 14 and has the right to drill thereon.
2. Four Star is the operator of the **Marshall Gentle No. 1 Well**, a vertical well that has been drilled 1650 feet from the South line, 1650 feet from the West line (Unit K) of Section 14.
3. Four Star has recently become aware of an additional working interest owner in the W/2 of Section 14 and has sought, but been unable to obtain, a voluntary

agreement for the development of this acreage from the additional working interest owner.

4. The pooling of this uncommitted interest will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

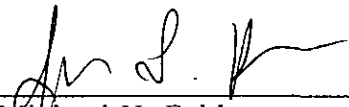
5. In order to permit Four Star to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owner in this spacing unit should be pooled.

WHEREFORE, Four Star requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 2, 2015, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the subject 320-acre spacing and proration unit;
- B. Designating Four Star operator of the spacing and proration unit and the wells to be drilled thereon;
- C. Authorizing Four Star 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 the 200% risk penalty provided by Division Rule 19.15.13.8 against any working interest owner that does not voluntarily participate in the drilling of wells.

Respectfully submitted,

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**ATTORNEYS FOR
FOUR STAR OIL AND GAS COMPANY**

CASE 15280:

Application of Four Star Oil and Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all the formations from the surface to the base of the Fruitland formation underlying the W/2 of Section 14, Township 27 North, Range 9 West, N.M.P.M., San Juan County, New Mexico to form a standard 320-acre spacing unit and proration unit for all formations and/or pools developed on 320-acre spacing within this vertical extent, which includes but is not limited to the Basin Fruitland Coal Gas Pool (Code 71629). Said acreage is to be initially dedicated to applicant's Marshall Gentle 1, a vertical well that has been drilled 1650 feet from the South line, 1650 feet from the West line (Unit K) of Section 14. 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, and a 200% charge for risk involved in drilling said well. Said area is located approximately 28 miles Southeast of Farmington, New Mexico.