

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF ASCENT ENERGY, LLC
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 20322

APPLICATION

Ascent Energy, LLC applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7, Township 21 South, Range 33 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Bone Spring formation:
 - (a) The Toque State Com. Well No. 501H;
 - (b) The Toque State Com. Well No. 502H;
 - (c) The Toque State Com. Well No. 601H; and
 - (d) The Toque State Com. Well No. 602H.

Applicant will dedicate the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7 to the wells. The wells are all horizontal wells, with first take points in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 6 and final take points in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7 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 wells or to otherwise commit their interests to

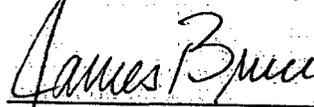
the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7 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 interests in the Bone Spring formation underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 7;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' 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 and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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