

HOLLAND & HART LLP



**Ocean Munds-Dry  
Associate**

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April 25, 2006

**HAND-DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13717*

2006 APR 25 PM 4 37

Re: Application of BTA Oil Producers for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of BTA Oil Producers in the above-referenced case as well as a copy of a legal advertisement. BTA requests that this application be placed on the docket for the May 25, 2006 Examiner hearings.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Robin Hughes (w/enclosures)  
BTA Oil Producers

**Holland & Hart LLP**

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

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

**IN THE MATTER OF THE APPLICATION  
OF BTA OIL PRODUCERS,  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

CASE NO. 13717

2006 APR 25 PM 4 37

**APPLICATION**

BTA Oil Producers, ("BTA") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 (2006), for an order pooling all mineral interests from the surface to the base of the Abo formation in the following described spacing and proration units located in the W/2 of Section 31, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the North Vacuum-Atoka-Morrow Gas Pool and in support of its application states:

1. BTA is a working interest owner in the W/2 of said Section 31 and has the right to drill thereon.
2. BTA proposes to dedicate the above-referenced spacing or proration unit to its 9205 JV-P Vacuum Well No. 1 (**API No. 30-025-31621**) to be re-entered and to drill opposing laterals at a surface location 1982 feet from the South line and 653 feet from the West line, NMPM, Lea County, New Mexico. The first lateral will be drilled to the southeast to a proposed bottomhole location 460 feet from the South line and 2180 from the West line of Section 31 and the second lateral will be drilled to the northeast to a proposed bottomhole location 460 feet from the North line and 1980 feet from the West line of Section 31. Both laterals will be drilled to an

approximate depth sufficient to test any and all formations from the surface to the base of the Abo formation.

3. BTA has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing unit who are identified on **Exhibit A** to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

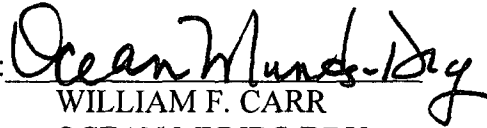
5. In order to permit BTA to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and BTA should be designated the operator of the well to be drilled.

WHEREFORE, BTA Oil Producers requests this application be set for hearing before a Division Examiner on May 25, 2006 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 units,
- B. designating BTA Oil Producers operator of these units and the well to be drilled thereon,
- C. authorizing BTA Oil Producers 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 BTA 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  
OCEAN MUNDS-DRY  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR BTA OIL PRODUCERS

**EXHIBIT A**

**APPLICATION OF  
BTA OIL PRODUCERS  
FOR COMPULSORY POOLING  
SECTION 31, TOWNSHIP 16 SOUTH, RANGE 35 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO.**

XTO Energy  
810 Houston Street  
Forth Worth, Texas 76102

CASE 13717:

**Application of BTA Oil Producers 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 Abo formation in the following described spacing and proration units located in the W/2 of Section 31, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the North Vacuum-Atoka-Morrow Gas Pool. Said unit is to be dedicated to its 9205 JV-P Vacuum Well No. 1 to be re-entered and to drill opposing laterals at a surface location 1982 feet from the South line and 653 feet from the West line (Unit L), NMPM, Lea County, New Mexico. The first lateral will be drilled to the southeast to a proposed bottomhole location 460 feet from the South line and 2180 from the West line of Section 31 and the second lateral will be drilled to the northeast to a proposed bottomhole location 460 feet from the North line and 1980 feet from the West line of Section 31. 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 BTA Oil Producers as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 16 miles north of Lovington, New Mexico.



April 25, 2006

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

XTO Energy  
810 Houston Street  
Forth Worth, Texas 76102

Re: Application of BTA Oil Producers for compulsory pooling, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that BTA Oil Producers has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the w/2 of Section 31, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. Said units will be dedicated to BTA's 9205 JV-P Vacuum Well No. 1 which it proposes to re-enter and drill opposing laterals from a surface location 1982 from the South line and 653 from the West line. The first lateral will be drilled to the southeast to a proposed bottomhole location 460 feet from the South line and 2180 from the West line of Section 31 and the second lateral will be drilled to the northeast to a proposed bottomhole location 460 feet from the North line and 1980 feet from the West line of Section 31 test all formations from the surface to the base of the Abo formation.

This application has been set for hearing before a Division Examiner on May 25, 2006. 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 with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must 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,

Ocean Munds-Dry  
ATTORNEY FOR BTA OIL PRODUCERS