

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF PURVIS OPERATING CO.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

2008 NOV 16 AM 9 04

Case No. 13834

APPLICATION

Purvis Operating Co. applies for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Mississippian formation underlying the S $\frac{1}{2}$ of Section 8, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

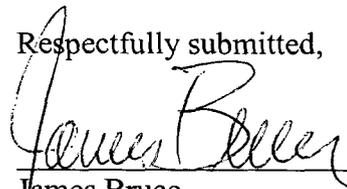
1. Applicant owns an interest in the S $\frac{1}{2}$ of Section 8.
2. Applicant proposes to drill its Armadillo State Well No. 1, at an orthodox gas well location in the SW $\frac{1}{4}$ of Section 8, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the S $\frac{1}{2}$ of Section 8 to the well to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Pool.
3. Applicant has sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ of Section 8 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 well or to otherwise commit their interests to the well, 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 S $\frac{1}{2}$ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 8 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 S½ of Section 8, from the top of the Wolfcamp formation to the base of the Mississippian formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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Attorney for Purvis Operating Co.

PROPOSED ADVERTISEMENT

Case No. 13834: Application of Purvis Operating Co. for compulsory pooling, Lea County, New Mexico: Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Mississippian formation underlying the S/2 of Section 8, Township 15 South, Range 35 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Pool. The unit is to be dedicated to the proposed Armadillo State Well No. 1, to be drilled at an orthodox gas well location in the SW/4 of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as 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 unit is located approximately 7-1/2 miles northwest of Lovington, New Mexico.

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