

COPIES

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF INTERCOAST OIL & GAS COMPANY  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11657

APPLICATION

INTERCOAST OIL & GAS COMPANY, ("InterCoast"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 21, Township 18 South, Range 28 East, in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SW/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the N/2 SW/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing; and the N/E/4 SW/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, and in support thereof states:

1. InterCoast owns or controls approximately 46.875% of the working interest in the S/2 of Section 21, on which it proposes to drill its Illinois Camp State No. 21-1 Well to the Morrow formation, North Illinois Camp-Morrow Gas Pool at an orthodox location

1980 feet from the South line and 1650 feet from the West line of Section 21 to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

2. InterCoast has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 21.

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

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

WHEREFORE, InterCoast Oil & Gas Company prays that this application be set for hearing before an Examiner of the Oil Conservation Division on November 21, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating InterCoast operator of the S/2 of said Section 21, and authorizing InterCoast to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
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ATTORNEYS FOR INTERCOAST  
OIL & GAS COMPANY

CASE \_\_\_\_\_:

Application of InterCoast Oil & Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the S/2 of Section 21, Township 18 South, Range 28 East in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SW/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the N/2 SW/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing; and the NE/4 SW/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its Illinois Camp State No. 21-1 Well to be drilled to the Morrow formation, North Illinois Camp - Morrow Gas Pool, at a standard location 1980 feet from the South line and 1650 feet from the West line of said Section 21. Also to be considered will 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately \_\_ miles \_\_\_\_\_ of \_\_\_\_\_, New Mexico.