

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF THE HOME-STAKE ROYALTY
CORPORATION FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

NO. 11786

APPLICATION

The Home-Stake Royalty Corporation hereby applies for an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 29, and has the right to drill a well thereon.

2. Applicant proposes to drill its Eunice Dome Well No. 1, at a location 330 feet from the North line and 330 feet from the East line of the section, and seeks to dedicate the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29 to the Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all mineral interest owners in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29 for the purposes set forth herein.

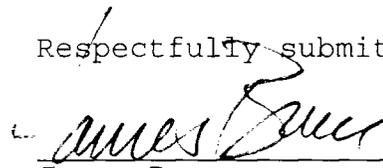
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pamp.).

5. The pooling of all mineral interests underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29, as set forth above, 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 Fusselman and Montoya formations underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29;
- (b) Designating applicant as operator of the well;
- (c) Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;
- (e) Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- (f) Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Applicant

PROPOSED ADVERTISEMENT

Case 11786: Application of The Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29, Township 21 South, Range 37 East, NMPM, to form a standard 40-acre oil spacing and proration unit for the Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. Also to be considered will be the cost of drilling 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 the risk involved in drilling and the well. Said unit is located approximately 2 miles northwest of Eunice, New Mexico.

hsr-pad.fpo

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May 5, 1997

Hand Delivered

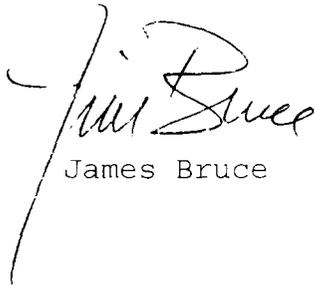
Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

11786

Dear Florene:

Enclosed are an original and two copies of an application for compulsory pooling, and a proposed advertisement, filed on behalf of The Home-Stake Royalty Corporation. Please set this matter for the May 29th Examiner hearing. Thank you.

Very truly yours,


James Bruce