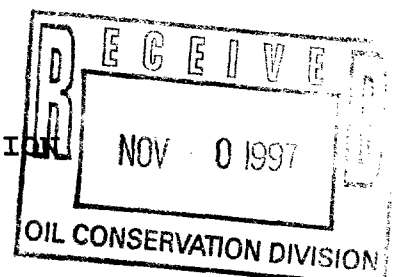


BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION



APPLICATION OF LEONARD RESOURCE  
INVESTMENT CORPORATION FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

No. 11889

**APPLICATION**

Leonard Resource Investment Corporation hereby applies for an order pooling all mineral interests underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 14, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 14, and has the right to drill a well thereon.

2. Applicant proposes to drill its Bull Durham Well No. 1 at an orthodox oil well location 330 feet from the South line and 660 feet from the East line of the section, to a depth sufficient to test the Abo formation, and seeks to dedicate the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 14 for all formations and/or pools spaced on 40 acres, including but not limited to the Undesignated House-San Andres Pool, Undesignated South House-Blinbry Pool, Undesignated East Warren-Tubb Pool, Undesignated House-Drinkard Pool, and Undesignated D-K Abo Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all mineral interest owners in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 14 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

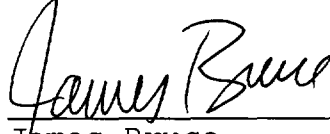
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SE~~¼~~SE~~¼~~ of Section 14, pursuant to NMSA §70-2-17 (1995 Repl. Pamp.).

5. The pooling of all mineral interests underlying the SE~~¼~~SE~~¼~~ of Section 14 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 underlying the SE~~¼~~SE~~¼~~ of Section 14 from the surface to the base of the Abo formation;
- (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 as provided in 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,



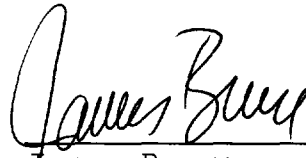
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Leonard Resource  
Investment Corporation

CERTIFICATE OF SERVICE

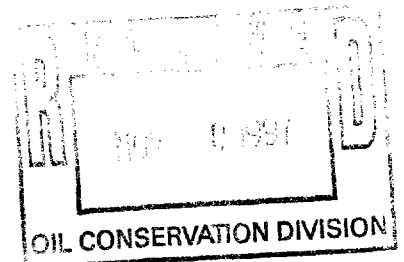
I hereby certify that a copy of the foregoing Application was  
mailed this 10th day of November, 1997 to:

W. Thomas Kellahin  
Kellahin & Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504



James Bruce

PROPOSED ADVERTISEMENT



Case 11889 : Application of Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the SE~~1~~/~~4~~SE~~1~~/~~4~~ of Section 14, Township 20 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all formations and/or pools spaced on 40 acres within said vertical extent, including but not limited to the Undesignated House-San Andres Pool, Undesignated South House-Blinebry Pool, Undesignated East Warren-Tubb Pool, Undesignated House-Drinkard Pool, and Undesignated D-K Abo Pool. Said unit is to be dedicated to applicant's Bull Durham Well No. 1, to be drilled at an orthodox oil well location 330 feet from the South line and 660 feet from the East line of said Section 14. 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 9 miles south-southwest of Hobbs, New Mexico.

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

November 10, 1997

**Hand Delivered**

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

Dear Florene:

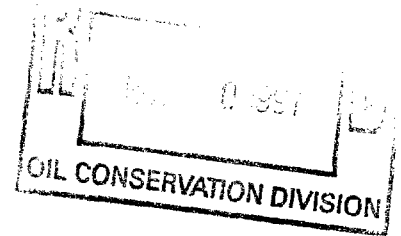
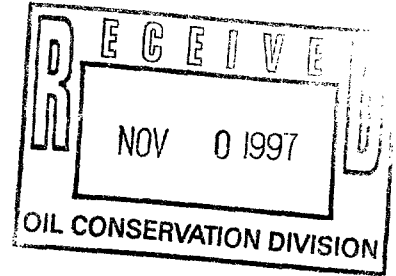
Enclosed are an original and two copies of a compulsory pooling application, together with a proposed advertisement, filed on behalf of Leonard Resource Investment Corporation. Please set this matter for the December 4, 1997 Examiner hearing.

Very truly yours,



James Bruce

Attorney for Santa Fe  
Energy Resources, Inc.



*Case 11889*