

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

OIL CONSERVATION DIV.

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IN THE MATTER OF THE APPLICATION
OF JOHN H. HENDRIX CORPORATION
FOR COMPULSORY POOLING
AND HORIZONTAL DRILLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 12085

APPLICATION

JOHN H. HENDRIX CORPORATION, ("Hendrix") through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in the Abo formation underlying the E/2 NW/4, including the Southeast Monument-Abo Pool, of Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, and in support of this application states:

1. John H. Hendrix Corporation is a working interest owner in the E/2 NW/4 of Section 16, and has the right to drill thereon.
2. Applicant proposes to drill its proposed Wood State Well No. 5 in said Section 16 at a standard location 1650 feet from the North line and 2310 feet from the West line (Unit F) of said Section 16 to test the Abo formation either by drilling a straight hole from the above referenced surface location or by drilling to approximately 7050 feet and then kick off and drill a horizontal well bore in a northerly direction until as much as 1300 feet of horizontal well bore in the Abo formation has been drilled.

3. For the drilling of a straight hole, Hendrix seeks the compulsory pooling of a 40-acre standard spacing and proration unit in the Southeast Monument-Abo Pool comprised of the SE/4 NW/4 of said Section 16. For a horizontal well, Hendrix seeks the compulsory pooling of a project area in the Abo formation comprised of two 40-acre spacing and proration units in the E/2 NW/4 of Section 16.

4. Hendrix has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the E/2 of the NW/4 of Section 16.

5. Said pooling of interests and the drilling of the Wood State Well No. 5 will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

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

WHEREFORE, John H. Hendrix Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 1998, and, after notice and hearing as required by law, the Division enter its order (1) approving the horizontal drilling of the Wood State Well No. 5 and (2) pooling all mineral interests under the subject lands, designating John H. Hendrix Corporation operator of the proposed well and spacing unit, authorizing it to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by

John H. Hendrix Corporation in drilling, completing and equipping the well.

Respectfully submitted,

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& SHERIDAN, P.A.

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