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August 10, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

12234

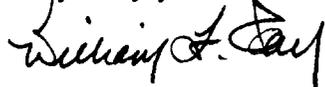
99 AUG 10 PM 2:23
OIL CONSERVATION DIV.

Re: Application of Louis Dreyfus Natural Gas for Compulsory Pooling and an
Unorthodox Oil Well Location, Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Louis Dreyfus Natural Gas in the above-referenced case as well as a copy of the legal advertisement. Louis Dreyfus Natural Gas requests that this application be set for hearing before a Division Examiner on September 2, 1999.

Very truly yours,



WILLIAM F. CARR

Enclosures
WFC/ama

cc: Mr. Joe W. Hammond (w/enclosures)
District Landman
Louis Dreyfus Natural Gas
14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma 73134-2600

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

IN THE MATTER OF THE APPLICATION
OF LOUIS DREYFUS NATURAL GAS
FOR COMPULSORY POOLING AND
AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 12334

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OIL CONSERVATION DIV.

APPLICATION

LOUIS DREYFUS NATURAL GAS ("Louis Dreyfus"), 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 following described acreage in Section 4, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico:

- A. the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool;
- B. the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent;

- C. the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated South Empire Wolfcamp Pool; and
- D. the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent which presently includes but is not necessarily limited the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and the Undesignated Loco Hills-Cisco Pool,

and in support of its application states:

1. Louis Dreyfus is a working interest owner in the N/2 of said Section 4 and has the right to drill thereon.
2. Louis Dreyfus proposes to dedicate the above-referenced spacing or proration units to its Loco Hills "4" Federal Com Well No. 1 to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4, which is a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location for the 80-acre unit in the Undesignated South Empire-Wolfcamp Pool. Said well will be drilled to a depth sufficient to test any and all formations to the base of the Morrow formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, prevent

waste and protect correlative rights.

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

WHEREFORE, Louis Dreyfus Natural Gas requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 2, 1999, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Louis Dreyfus to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Louis Dreyfus in drilling, completing and equipping the well.

Respectfully submitted,

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

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR LOUIS DREYFUS NATURAL GAS

EXHIBIT A

APPLICATION OF
LOUIS DREYFUS NATURAL GAS.
FOR COMPULSORY POOLING AND
AN UNORTHODOX OIL WELL LOCATION
N/2 OF SECTION 4, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Andrews & Cockran, LLC
1001 Loop 360, Building L, Suite 100
Austin, Texas 78746

I & L Development Company
Attn: Thomas W. Lett
Sam Lett Testamentary Trust
3500 Oak Lawn, Suite 720
Dallas, Texas 75219

J. Cleo Thompson & James Cleo Thompson, Jr.
Attn: Eddie Ayres
325 N. Saint Paul Street, Suite 4500
Dallas, Texas 75201-3828

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702-0552

McCombs Energy, LLC
Attn: Larry Wyont
5599 San Felipe, Suite 1200
Houston, Texas 77056-2794

OXY USA, Inc.
Attn: T. Kent Woolley
Post Office Box 50250
Midland, Texas 79710-0250

Wilson & Barr
500 West Texas, Suite 1220
Midland, Texas 79701

CASE 1234:

Application of Louis Dreyfus Natural Gas for compulsory pooling and an unorthodox oil well location, 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 following described acreage in Section 4, Township 18 South, Range 29 East, in the following manner: (a) the N/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and the Undesignated South Empire-Morrow Gas Pool; (b) The NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; (c) the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes but is not necessarily limited to the Undesignated South Empire Wolfcamp Pool; and (d) the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Loco Hills-Queen-Grayburg-San Andres pool, the Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Loco Hills 4 Federal Com Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4 being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre Unit. Also to be considered will be 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. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

Oil Conservation Div.
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