

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 THRESHOLD
DEVELOPMENT COMPANY FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

CASE NO. 12386

AMENDED APPLICATION

THRESHOLD DEVELOPMENT COMPANY ("Threshold"), 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 in all formations from the surface to the base of the Wolfcamp formation in the following manner: the W/2 for all formations and/or pools developed on 320-acre spacing, the NW/4 all formations/pools developed on 160-acre spacing, the N/2 NW/4 for all formations/pools developed on 80-acre spacing and the NE/4 NW/4 for all formations/pools developed on 40-acre spacing, all in Section 16, Township 24 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support of this application states:

1. Threshold Development Company is a working interest owner in the W/2 of said Section 16 and has the right to drill thereon.
2. Threshold proposes to dedicate the above-referenced spacing or proration units to its proposed Johnson Ranch State 16 #1 Well, to be drilled at a standard location in the NE/4 NW/4 of said Section 16, to a depth of approximately 14,200 feet to test any and all

pooled formations to the base of the Wolfcamp formation, Johnson Ranch (Wolfcamp) Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain owners of interest identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will 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 Threshold Development Company should be designated the operator of the well to be drilled.


WHEREFORE, Threshold Development Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 20, 2000, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Threshold Development Company operator of the units and the well to be drilled thereon,
- C. authorizing Threshold to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and

- E. imposing a penalty for the risk assumed by Threshold in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

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ATTORNEYS FOR THRESHOLD
DEVELOPMENT COMPANY

EXHIBIT A

**APPLICATION OF
THRESHOLD DEVELOPMENT COMPANY
FOR COMPULSORY POOLING
W/2 OF SECTION 16, TOWNSHIP 24 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

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