

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF NM&O OPERATING
COMPANY FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO.

Case No. 12467

APPLICATION

NM&O Operating Company applies for an order pooling all mineral interests in all formations developed on 320 acre spacing from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the E½ of Section 4, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 4, and has the right to drill a well thereon.

2. Applicant proposes to re-complete the existing Dewey-Bartlett Well No. 1, located at an orthodox location in the NE¼SE¼ of the section, in the Dakota formation, and seeks to dedicate the E½ of Section 4 for all pools or formations developed on 320 acre spacing, including the Basin-Dakota Gas Pool.

3. Applicant has in good faith sought the voluntary joinder of all mineral interest owners in the E½ of Section 4 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to 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 E½ of Section 4 pursuant to NMSA 1978 § 70-2-17.

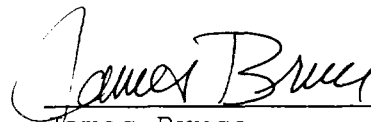
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5. The pooling of all interests in the E½ of Section 4 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests underlying the E½ of Section 4;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and re-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 those rates as provided in the COPAS accounting procedure;
- E. Setting a penalty for the risk involved in drilling and re-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,



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