

**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 TMBR/SHARP DRILLING, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 12550**

**APPLICATION**

TMBR/SHARP DRILLING, INC. ("TMBR/Sharp"), 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 the Atoka and Morrow formations developed on 320-acre spacing in the W/2 of Section 21, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, which includes but is not necessarily limited to the Undesignated North Lusk-Morrow Gas Pool and the Undesignated Querecho Plains- Atoka Gas Pool, and in support thereof states:

1. TMBR/Sharp is a working interest owner in the W/2 of said Section 21 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Federal "21" Well No. 1 to be drilled at a standard location 1980 feet from the South line and 990 feet from the West line of said Section 21, to a depth sufficient to test the Atoka and Morrow formations.
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, will prevent waste and will protect correlative rights.

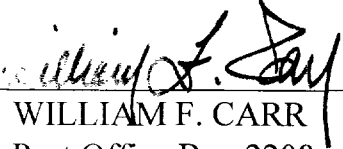
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and TMBR/Sharp Drilling, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, TMBR/Sharp Drilling, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 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 TMBR/Sharp Drilling, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing TMBR/Sharp Drilling, Inc. 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 the Applicant 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 TMBR/SHARP  
DRILLING, INC.

**EXHIBIT A**

**APPLICATION OF  
TMBR/SHARP DRILLING, INC.  
FOR COMPULSORY POOLING  
W/2 OF SECTION 21, TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO**

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CASE 12556:

Application of TMBR/Sharp Drilling, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Atoka and Morrow formations developed on 320-acre spacing in the W/2 of Section 21 Township 18 South, Range 32 East which includes but is not necessarily limited to the Undesignated North Lusk-Morrow Gas Pool and the Undesignated Querecho Plains-Atoka Gas Pool. Said unit is to be dedicated to its Federal "21" Well No. 1 to be drilled at a standard location 1980 feet from the South line and 990 feet from the West line of said Section 21 to a depth sufficient to test the Atoka and Morrow formations. 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 TMBR/Sharp Drilling, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles south of Maljamar, New Mexico.