

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF POGO PRODUCING
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

No. 12628

APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S $\frac{1}{2}$ of Section 24, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of Section 24, and has the right to drill a well thereon.

2. Applicant proposes to drill its Bootleg 24 Fed. Well No. 1, at an orthodox location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ (Unit L) of the section, and seeks to dedicate the following acreage to the well:

(a) The NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 24 for all pools or formations developed on 40-acre spacing within that vertical extent, including the West Red Tank-Delaware Pool and Red Tank-Bone Spring Pool;

(b) The SW $\frac{1}{4}$ of Section 24 for all pools or formations developed on 160-acre spacing within that vertical extent; and

(c) The S $\frac{1}{2}$ of Section 24 for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 24 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise 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 S½ of Section 24, pursuant to NMSA 1978 §70-2-17.

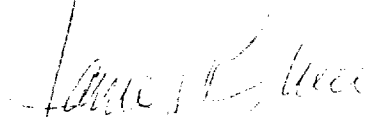
5. The pooling of all mineral interests underlying the S½ of Section 24 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the S½ of Section 24, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and 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 the rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner

elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for Pogo Producing Company

PROPOSED ADVERTISEMENT

Case 12628 : Application of Pogo Producing Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 24, Township 22 South, Range 32 East, NMPM: The S $\frac{1}{2}$ to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool; the SW $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW $\frac{1}{4}$ SW $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the West Red Tank-Delaware Pool and Red Tank-Bone Spring Pool. The units are to be dedicated to a well to be drilled at an orthodox location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 24. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The units are located approximately 13 miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

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