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- ** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

July 12, 2001

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87505

Hand Delivered

Case 12705

Re: NMOCD Case No. _____; Application of D.J. Simmons, Inc. for Compulsory Pooling, Rio Arriba County, New Mexico (E/2 Sec. 25, T-25-N, R-3-W, NMPM; Bishop Federal 25 No. 1 well)

Dear Ms. Wrotenbery:

Enclosed are an original and two copies of the Application of D.J. Simmons, Inc. in the above referenced matter. On behalf of the Applicant, we request this matter be set for hearing on the August 9, 2001 Division Examiner hearing docket.

Also enclosed on disk and in hard-copy is a proposed advertisement for the case.

Please note: The lands described in this Application are also the subject of NMOCD Case No. 12635 (Application of McElvain Oil and Gas Properties, Inc. for Compulsory Pooling, Rio Arriba County, New Mexico.)

Yours very truly,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall

J. Scott Hall

JSH/ao

Enclosure(s) – as stated

Cc: John Byrom w/enclos

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

IN THE MATTER OF THE APPLICATION OF
D. J. SIMMONS, INC. FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO

CASE NO. 12705

APPLICATION

D. J. SIMMONS, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests from the surface to the base of the Mesaverde formation underlying the E/2 of Section 25, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to form standard spacing and proration units for any formations and/or pools spaced on 320 acres within said vertical extent, and in support thereof, Applicant would show the Division:

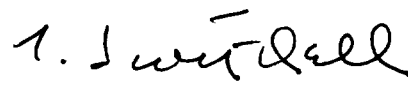
1. Applicant owns certain working interests in and under the E/2 of Section 25, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled units to its Bishop Federal 25 No. 1 well to be drilled at a standard location 1,303 feet from the north line and 710 feet from the east line in the NE/NE of said Section 25 to a depth sufficient to test all formations in the pooled intervals, including the Mesaverde formation (Blanco Mesaverde Gas Pool), as well as the Chacra formation and the Gallup-Dakota formation (West Lindrith Gallup-Dakota Oil Pool).
3. Applicant has been unable to obtain voluntary agreement for pooling or farmout from certain other interest owners in the SE/4 of said Section 25.

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

5. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 9, 2001 and that after notice and hearing as required by law, the Division enter its Order pooling the lands, and including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MILLER, STRATVERT & TORGERSON, P.A.

By 
J. Scott Hall
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