

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF LEONARD RESOURCE
INVESTMENT CORPORATION FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

No. 12729

APPLICATION

Leonard Resource Investment Corporation applies for an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, Township 23S, Range 39 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, and has the right to drill a well thereon.

2. Applicant proposes to drill its Marshall Well No. 1, at an orthodox oil well location, to a depth sufficient to test the Abo formation, and seeks to dedicate the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5 to the well to form a standard 40 acre oil spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within that vertical extent, including the House-San Andres Pool and Undesignated House (Drinkard) Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5 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 NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5 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 NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5 from the surface to the base of the Abo formation;
- B. Designating Capataz Operating, Inc. 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 said rates pursuant to 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,



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