

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12730

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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 SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, and has the right to drill a well thereon.

2. Applicant proposes to drill its White Owl Well No. 1, at an orthodox oil well location, to a depth sufficient to test the Abo formation, and seeks to dedicate the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 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 Undesignated House Yates-Seven Rivers Pool, Undesignated House-San Andres Pool, Undesignated House-Blinebry Pool, Undesignated House-Tubb Pool, Undesignated House (Drinkard) Pool, and Undesignated House-Abo Pool.

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

5. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 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 SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 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,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

James Bruce
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Attorney for Leonard Resource
Investment Corporation

PROPOSED ADVERTISEMENT

Case 12230: Application of Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, Township 20 South, Range 38 East, NMPM, 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 but not limited to the Undesignated House Yates-Seven Rivers Pool, Undesignated House-San Andres Pool, Undesignated House-Blinebry Pool, Undesignated House-Tubb Pool, Undesignated House (Drinkard) Pool, and Undesignated House-Abo Pool. The unit is to be dedicated to applicant's White Owl Well No. 1, to be drilled at an orthodox oil well location in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2. 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 Capataz Operating, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles southeast of Nadine, New Mexico.

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