

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TEXAKOMA OIL & GAS
CORPORATION FOR COMPULSORY POOLING
AND A NON-STANDARD GAS SPACING AND
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

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No. 12741

APPLICATION

Texakoma Oil & Gas Corporation applies for an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 8, 9, 10, NE $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (the S $\frac{1}{2}$ equivalent) of irregular Section 18, Township 31 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and approving a non-standard gas spacing and proration unit, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of Section 18, and has the right to drill a well thereon.

2. Applicant proposes to drill its La Plata 18 Well No. 2, at an unorthodox gas well location in the SE $\frac{1}{4}$ of Section 18,¹ and seeks to dedicate the S $\frac{1}{2}$ of Section 18 to the well to form a non-standard 262.77 acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ of Section 18 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 to join in dedicating their interests. Therefore, applicant seeks an order pooling all

¹Applicant is seeking administrative approval of the unorthodox location.

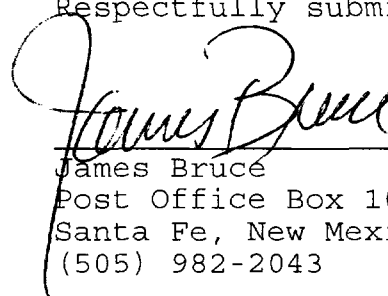
mineral interest owners in the S½ of Section 18 pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 18 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 18, as to the Basin-Fruitland Coal Gas Pool, and approving the non-standard gas spacing and proration unit;
- 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 pursuant to the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event an interest owner elects not to participate in the well.

Respectfully submitted,



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PROPOSED ADVERTISEMENT

Case 12741 : Application of Texakoma Oil & Gas Corporation for compulsory pooling and a non-standard gas spacing and proration unit, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 8, 9, 10, NE $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (the S $\frac{1}{2}$ equivalent) of Section 18, Township 31 North, Range 13 West, NMPM, to form a non-standard 262.77-acre gas spacing and proration unit for said pool. The unit is to be dedicated to applicant's La Plata 18 Well No. 2, to be drilled at an unorthodox gas well location in the SE $\frac{1}{4}$ of Section 18. 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 well unit is located approximately 4 miles southwest of La Plata, New Mexico.

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