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September 4, 2002
HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 12943

Re: ***Application of Great Western Drilling Company for Compulsory Pooling, Lea County, New Mexico***

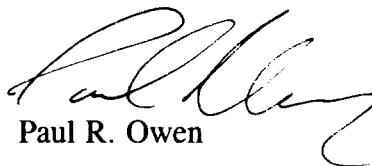
Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of Great Western Drilling Company in the above-referenced case as well as a copy of a legal advertisement. Great Western Drilling Company respectfully requests that this matter be placed on the docket for the October 10, 2002 Examiner hearings.

The legal advertisement is also on the enclosed disk in WordPerfect and Word format.

If you have any questions, please call.

Very truly yours,


Paul R. Owen

Enclosures

cc: Mr. Mike Heathington
Great Western Drilling Company

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

**IN THE MATTER OF THE APPLICATION OF
GREAT WESTERN DRILLING COMPANY FOR
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.**

CASE NO. 12943

APPLICATION FOR COMPULSORY POOLING

GREAT WESTERN DRILLING COMPANY ("Great Western") through its attorneys, Montgomery & Andrews, P.A., Paul R. Owen, Esq., hereby makes application pursuant to NMSA 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation under the following acreage in Section 34, Township 15 South, Range 34 East, NMPM:

- a. The E/2 of said section to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not limited to the Edison North-Morrow Gas Pool;
- b. The SE/4 of said section to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent;
- c. The N/2 SE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations or pools spaced on 80 acres within this vertical extent which presently includes, but is not limited to, the undesignated North Edison Strawn Pool; and
- d. The NE/4 SE/4 to form a standard 40-acre spacing and proration unit for any and all formations or pools spaced on 40 acres within this vertical extent which presently includes, but is not limited to, the Townsend Permo-Penn Pool.

Said units are to be dedicated to Applicant's proposed GWDC "34" Federal Well No. 1 to be drilled at a standard location 1700 feet from the South line and 950 feet from the East line in the SE/4 of said Section 34.

In support of this application, Great Western states:

1. Great Western owns a working interest in and under the E/2 of Section 34 and has a right to drill thereon.

2. Great Western, Yates Petroleum Corporation, Devoil, Inc. and other working interest owners in the proposed well have been served with an Application for Compulsory Pooling in which David H. Arrington Oil and Gas Inc. seeks to be designated the operator a well at the same location as that proposed in this Application (Arrington seeks to call its well a different name than that proposed by Great Western). Arrington owns a small percentage of the working interest in the proposed well. Arrington's case has been assigned New Mexico Oil Conservation Division Case Number 12922, and is set to be heard at the September 5, 2002 Examiner Hearing.

3. Great Western and the other working interest owners agree that a well should be drilled at the proposed location, but oppose Arrington's operation of the well. Great Western has requested, but Arrington has not agreed, to continue the scheduled hearing on Arrington's pooling application to allow the parties to reach an agreement concerning operation of the proposed well.

4. Great Western is prepared to drill the well at the proposed location, and Yates Petroleum Corporation and Devoil Inc., other interest owners in the well, support Great Western's drilling and operation of the well.

5. Approval of Great Western's pooling application will avoid the drilling of


unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Great Western and the working interest owners to obtain their just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Great Western should be designated the operator of the proposed well.

Therefore, Great Western requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 10, 2002, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Great Western Drilling Company operator of the units and the well to be drilled thereon,
- C. authorizing Great Western to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Great Western in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
MONTGOMERY & ANDREWS

By: 

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ATTORNEYS FOR GREAT WESTERN
DRILLING COMPANY

PROPOSED LEGAL ADVERTISEMENT

CASE 12943: **Application of Great Western Drilling 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 under the following acreage in in Section 34, Township 15 South, Range 34 East: The E/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not limited to the Edison North-Morrow Gas Pool; the SE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the N/2 SE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations or pools spaced on 80 acres within this vertical extent which presently includes, but is not limited to, the undesignated North Edison Strawn Pool; and the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for any and all formations or pools spaced on 40 acres within this vertical extent which presently includes, but is not limited to, the Townsend Permo-Penn Pool. These spacing and proration units are to be dedicated to Applicant's proposed GWDC "34" Federal Well No. 1 to be drilled at a standard location 1700 feet from the South line and 950 feet from the East line in the SE/4 of said Section 34. Also to be considered will the cost of drilling and completing said 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 risk involved in drilling said well. Said area is located approximately 10 miles northwest of Lovington, New Mexico.

SEP - 5 AM 8:00

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