

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CONCHO OIL & GAS
CORP. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

No. 12994

APPLICATION

Pursuant to Division Rule 1207.A(1) (b), Concho Oil & Gas Corp. applies for an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33, and has the right to drill a well thereon.

2. Applicant proposes to drill its Ginger Quill "33" Well No. 1, at an unorthodox oil well location 420 feet from the south line and 1207 feet from the west line of the section (Unit M),¹ to a depth sufficient to test the Devonian formation, and seeks to dedicate the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33 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

¹The unorthodox location was approved by Administrative Order NSL-4823.

dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the SW¼SW¼ of Section 33, pursuant to NMSA 1978 §70-2-17.

5. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of this application:

(a) No opposition is expected because the owners have been contacted regarding the proposed well, but have simply not responded.

(b) A map outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks to dedicate to the well the acreage and oil-bearing formations described in paragraph 2 above.

(c) The parties being pooled, and their last known addresses, are as follows:

Charles C. Harlan, Jr.
P.O. Box 432976
San Ysidro, California 92143 (5/320)

University of New Mexico
Scholes Hall, Room 252
Albuquerque, New Mexico 87131
Attention: Kim Murphy (4/320)

The parties own the undivided, unleased mineral interests in the SW¼SW¼ of Section 33 set forth after their names.

The above names were determined by a diligent search of all public records in Lea County, including phone records and computer records. Copies of the correspondence with the parties being pooled are attached hereto as Exhibits B and C.

(d) **Geologic information on the well is in the file for Administrative Order NSL-4823, which is incorporated herein by reference.** The well's main objective is the (wildcat) Devonian formation, at approximately 14,000 feet subsurface. Thus, applicant requests that a risk penalty of cost plus 200% be assessed against any interest owner who does not voluntarily join in the well.

(e) A copy of the Authorization for Expenditure for the well is attached to Exhibits B and C. The well costs are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.

(f) Overhead charges of \$6000/month for a drilling well, and \$600/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by applicant and other operators in this area for wells of this depth.

6. The pooling of all interests underlying the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33 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 SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33 from the surface to the base of the Devonian formation;
- 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

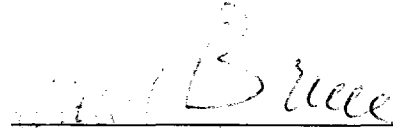
interest owners;

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 a working interest owner elects not to participate in the well.

**APPLICANT REQUESTS THAT IN THE ABSENCE OF OBJECTION THIS
MATTER BE TAKEN UNDER ADVISEMENT.**

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Concho Oil & Gas Corp.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Garland H. Lang III, being duly sworn upon his oath, deposes and states that: He is a landman for Concho Oil & Gas Corp., and is authorized to make this verification on its behalf; he has read the foregoing application and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

Garland H. Lang III

Subscribed and sworn to before me this _____ day of January, 2003 by Garland H. Lang III.

Notary Public

My Commission Expires:
