

October 25, 1985

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 8755

Re: Sprinkle Federal No. 3 Well
Township 18 South, Range 32 East, NMPM
Section 26: SW/4 NW/4
Lea County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of TXO Production Corp. for Compulsory Pooling, Lea County, New Mexico.

We ask that this matter be set for hearing before an Examiner at the Examiner Hearing on November 21, 1985, and that we be furnished with a docket of said hearing.

Thank you.

Very truly yours,

DICKERSON, FISK & VANDIVER

David R. Vandiver
David R. Vandiver

DRV:pvm
Enclosures

cc w/enclosure: Mr. Jeff Bourgeois

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR COMPULSORY :
POOLING, LEA COUNTY, NEW MEXICO :
_____ :

CASE NO. § 259

APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and
in support hereof, respectfully states:

1. Applicant is the operator of undivided interests
in all formations from 4,825 feet beneath the surface to the base
of the Bone Spring formation, underlying:

Township 18 South, Range 32 East, N.M.P.M.

Section 26: SW/4 NW/4

containing 40 acres, more or less,
and proposes to drill its Sprinkle Federal No. 3 Well, located at
a point 2,310 feet from the north line and 330 feet from the west
line of said Section 26, to a depth sufficient to test the Bone
Spring formation, at approximately 8,800 feet.

2. A standard 40-acre oil proration unit comprising
the SW/4 NW/4 of said Section 26 should be dedicated to such well
or to such lesser portion thereof as is reasonably shown to be
productive of oil.

3. There are interest owners in the unit who have not agreed to pool their interests, and the names and addresses of such parties are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Joseph S. Sprinkle	P. O. Box 6483 Denver, Colorado 80206
O. H. Berry	One Marienfeld Place, Suite 188 Midland, Texas 79701
Lewis Burleson	P. O. Box 2479 Midland, Texas 79702
J. Cecil Rhodes	511 West Texas Midland, Texas 79701

4. Applicant should be designated the operator of the well and the proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, from 4,825 feet beneath the surface down to the base of the Bone Spring formation, underlying SW/4 NW/4 Section 26, Township 18 South, Range 32 East, N.M.P.M., should be pooled.

6. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs,

plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from 4,825 feet beneath the surface down to the base of the Bone Spring formation, underlying SW/4 NW/4 Section 26, Township 18 South, Range 32 East, N.M.P.M., or such lesser portion as may be productive of oil and gas and dedicated to Applicant's well.

C. And for such other and further relief as may be just in the premises.

TXO PRODUCTION CORP.

By: 
David R. Vandiver

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Attorneys for Applicant