

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF NANCO,
INC. FOR COMPULSORY
POOLING, RIO ARRIBA COUNTY,
NEW MEXICO.

DEC 8 1988
OIL CONSERVATION DIVISION

Case No. 744

APPLICATION

Nanco, Inc. hereby makes application for an order pooling all interests in the Pictured Cliffs formation underlying the NW $\frac{1}{4}$ of Section 15, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the NW $\frac{1}{4}$ of Section 15, Township 25 North, Range 2 West, Rio Arriba County, New Mexico.

2. Applicant has drilled its Locer No. 1 Well in the NW $\frac{1}{4}$ of Section 15 at a standard location, and seeks to dedicate the NW $\frac{1}{4}$ of Section 15 to the well with respect to the Pictured Cliffs formation.

3. Applicant has in good faith sought to join all other mineral interest owners in the NW $\frac{1}{4}$ of Section 15 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 refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral interest owners in the Pictured Cliffs formation underlying the NW $\frac{1}{4}$ of Section 15, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

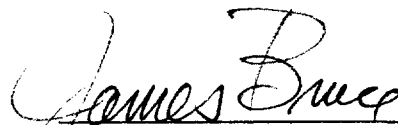
5. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty for the risk involved in drilling the well.

6. The pooling of all interests in the Pictured Cliffs formation underlying the NW¼ of Section 15 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard before the Division on March 30, 1988.

HINKLE, COX, EATON,
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By



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