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October 23, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87503

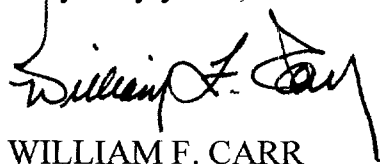
11428
RECEIVED
OCT 23 1995
Oil Conservation Division

Re: Application of Maralo, Inc. for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Maralo, Inc. in the above-referenced case as well as a legal advertisement. Maralo, Inc., respectfully requests that this matter be placed on the docket for the November 16, 1995 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Shane Lough (w/enclosures)
Maralo, Inc.
Post Office Box 832
Midland, TX 79702

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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OCT 23 1995

IN THE MATTER OF THE
APPLICATION OF MARALO, INC.
FOR COMPULSORY POOLING AND
AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

Oil Conservation Division

CASE NO. _____

APPLICATION

MARALO, INC., ("Maralo") through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order (1) pooling all mineral interests in all formations developed on 80-acre spacing in the S/2 NE/4 of Section 20, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and (2) approving an unorthodox oil well location, and in support thereof states:

1. Maralo owns or represents approximately 97% of the working interest in the S/2 NE/4 of Section 20, and Maralo has the right to drill thereon.
2. Maralo proposes to drill its Lowe "20" No. 2 Well at an unorthodox location 1650 feet from the North line and 1980 feet from the East line of Section 20, and test the Wolfcamp formation.
3. Maralo has sought the creation of a new pool for production of oil from the Wolfcamp formation and the promulgation of temporary Special Pool Rules and Regulations therefor including provisions for 80-acre spacing. The Lowe "20" No. 2 Well will be

governed by these rules. (See Case 11409 heard on October 19, 1995).

4. Maralo has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the S/2 NE/4 of said Section 20.

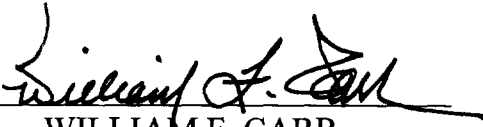
5. Said pooling of interests and the drilling of the Lowe "20" No. 2 Well at the proposed unorthodox location will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

6. In order to permit the Maralo to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Maralo should be designated the operator of the well to be drilled.

WHEREFORE, Maralo, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 16, 1995, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Maralo, Inc. operator of the well and spacing unit, authorizing Maralo to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Maralo in drilling, completing and equipping the well and approving the proposed unorthodox location for this well.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR MARALO, INC.

CASE _____: Application of Maralo, Inc., for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the S/2 NE/4 for all formations developed on 80-acre spacing of Section 20, Township 13 South, Range 38 East. Said unit is to be dedicated to its Lowe "20" No. 2 Well to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the East line of said Section 20. Also to be considered will be 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 6.5 miles southeast by south of Carlsbad, New Mexico.

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Oil Conservation Division