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July 16, 1996

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JUL 16 1996

Oil Conservation Division

11588

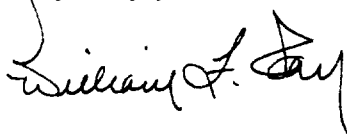
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of InterCoast Oil and Gas Company for Compulsory Pooling, Lea
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is an Application of InterCoast Oil and Gas Company in the above-referenced case as well as a copy of a legal advertisement. InterCoast Oil and Gas Company respectfully requests that this matter be placed on the docket for the August 8, 1996 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Chris Girouard (w/enclosures)
InterCoast Oil and Gas Company
7130 South Lewis Avenue, Suite 700
Tulsa, OK 74136

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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Oil Conservation Division

IN THE MATTER OF THE APPLICATION
OF INTERCOAST OIL AND GAS COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 11588

APPLICATION

INTERCOAST OIL AND GAS COMPANY ("InterCoast"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from below the unitized Abo formation at approximately 9000 feet to the base of the Morrow formation ("Proposed Unitized Interval") underlying the E/2 of Section 2, Township 17 South, Range 34 East, in the following described manner: the E/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing including but not limited to the Undesignated South Kemnitz Atoka-Morrow Gas Pool; the NE/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the S/2 NE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, and the SE/4 NE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, and in support thereof states:

1. InterCoast is a working interest owner in the E/2 of Section 2 on which it proposes to drill a well at an orthodox location in the NE/4 of Section 2 to test any and all formations in the Proposed Unitized Interval.

2. InterCoast has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the E/2 of said Section 2.

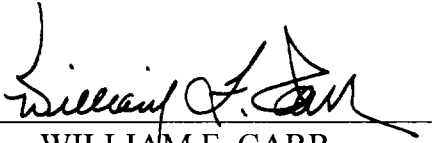
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit InterCoast to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in the Proposed Unitized Interval should be pooled, and Applicant should be designated the operator of the well.

WHEREFORE, InterCoast Oil and Gas Company prays that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the interval from the unitized Abo formation at approximately 9000 feet to the base of the Morrow under each of the above described spacing or proration units in the E/2 of said Section 2, including provisions designating InterCoast operator of the each spacing and proration unit, and authorizing InterCoast to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the InterCoast in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR

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ATTORNEYS FOR INTERCOAST OIL AND GAS
COMPANY