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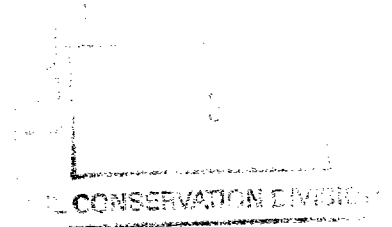
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September 3, 1996

HAND-DELIVERED

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



Re: Application of Costilla Petroleum Corporation for Compulsory Pooling, Eddy
County, New Mexico

Dear Mr. LeMay:

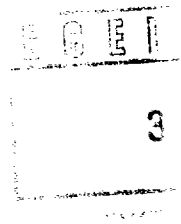
Enclosed in triplicate is the Application of Costilla Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Costilla Petroleum Corporation requests that this matter be placed on the docket for the September 26, 1996 Examiner hearings.

Very truly yours,

WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Gary L. Winter (w/enclosures)
Costilla Petroleum Corporation
Post Office Box 10369
Midland, Texas 79702



BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF COSTILLA PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11618

APPLICATION

COSTILLA PETROLEUM CORPORATION ("Costilla"), 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 a depth of 5700 feet to the base of the Delaware formation in the SE/4 SE/4 of Section 28, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Costilla owns or represents approximately 81.25% of the working interest in and under the SE/4 SE/4 of said Section 28 and has the right to drill thereon.
2. Costilla proposes to dedicate the above-referenced spacing or proration unit to its Abby Federal Well No. 5 which it proposes to drill at a location 410 feet from the South line and 467 from the East line of said Section 28 to test the Delaware formation, Undesignated Ross Draw-Delaware Pool.
3. Costilla has sought and been unable to obtain either voluntary agreement for pooling or farmout from Kaiser-Francis Oil Company the owner of 18.75% of the operating rights from 5700 feet to 5870 feet under the proposed spacing unit.

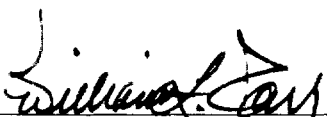
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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

WHEREFORE, Costilla Petroleum Corporation prays that this application be set for hearing before an Examiner of the Oil Conservation Division on September 26, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Costilla to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Costilla in drilling, completing and equipping the well.

Respectfully submitted,

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

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR COSTILLA
PETROLEUM CORPORATION

CASE 10'8 :

Application of Costilla Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from 5700 feet to the base of the Delaware formation, Undesignated Ross Draw-Delaware Pool, in and under the SE/4 SE/4 of Section 28, Township 26 South, Range 30 East. Said unit is to be dedicated to its Abby Federal Well No. 5 Well to be drilled at a standard location 410 feet from the South line and 467 feet from the East line of said Section 28. 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 18 miles southeast of Malaga, New Mexico.