

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF INTERCOAST OIL AND GAS COMPANY
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11633

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 for all formations developed on 320-acre spacing in the N/2 of Section 16, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. InterCoast owns or controls approximately 23.75% of the working interest in the N/2 of said Section 16, and has the right to drill thereon.
2. InterCoast proposes to dedicate the above-referenced spacing or proration unit to its InterCoast State 16 Well No. 1 which it proposes to drill at an unorthodox well location 990 feet from the North line and 990 feet from the East line of said Section 16.
3. InterCoast proposes to drill to a depth sufficient to test all formations on 320-acre spacing from the surface to the base of the Wolfcamp formation.
4. InterCoast has sought and been unable to obtain either voluntary agreement for

pooling or farmout from certain interest owners in the N/2 of said Section 16.

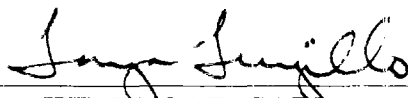
5. Said pooling of interests will prevent waste and will protect correlative rights.

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

WHEREFORE, InterCoast Oil and Gas Company prays that this application be set for hearing before an examiner of the Oil Conservation Division on October 17, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of supervision of the well, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving an unorthodox location for the well 990 feet from the North line and 990 feet from the East line of said Section 16.

Respectfully submitted.

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

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

ATTORNEYS FOR INTERCOAST OIL
AND GAS COMPANY

CASE _____: Application of InterCoast Oil and Gas Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 16, Township 20 South, Range 28 East, from the surface to the base of the Wolfcamp formation. Said unit is to be dedicated to its InterCoast State 16 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line of said Section 16. 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 _____ miles _____ of _____, New Mexico.

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 100 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE (505) 988-4421
TELECOPIER (505) 983-6043

September 24, 1996

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

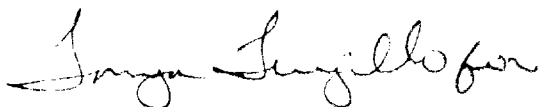
116.35

Re: Application of InterCoast Oil and Gas Company for compulsory pooling and
an unorthodox well location, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of InterCoast Oil and Gas Company in the above-referenced case as well as a legal advertisement. InterCoast Oil and Gas Company respectfully requests that this matter be placed on the docket for the October 17, 1996 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Rock Quinn, (w/enclosures)