

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF MARALO, INC. FOR A NON-STANDARD
SPACING UNIT, LEA COUNTY,
NEW MEXICO.**

CASE NO._____

APPLICATION

Maralo, Inc. ("Maralo"), by its undersigned attorneys, hereby makes application for approval of a non-standard spacing unit, Lea County, New Mexico, and in support thereof states:

1. Maralo is the operator of the NW/4 and the NW/4 SW/4 of Section 16 Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico on which is located its Maralo "SV" 16 State No. 1 Well.
2. The Maralo "SV" State No. 1 Well, located 1748 feet from the South line and 742 feet from the West line of said Section 16, was originally drilled as a Devonian Well and has recently been recompleted in the Queen formation, Undesignated West Reeves-Queen Gas Pool which is developed under statewide 160-acre spacing rules.
3. Maralo seeks the creation of a non-standard spacing unit in the Queen formation for this well comprised of the S/2 NW/4 and the N/2 SW/4 of said Section 16.
4. No other well can economically be drilled to the Queen formation on the W/2 of said Section 16 and approval of the proposed non-standard unit should allow the owners of the queen production to receive their fair share of these reserves, thereby protecting correlative rights.
5. Approval of this application will otherwise be in the best interest of conservation and the prevention of waste.

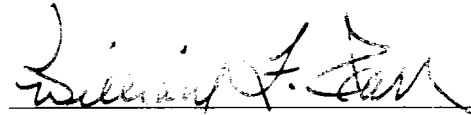
WHEREFORE, Maralo, Inc requests that this application be set for hearing

before an examiner of the Oil Conservation Division on November 21, 1996 and, that after notice and hearing as required by law the Division enter its order granting this application.

Respectfully submitted,

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

By:

A handwritten signature in dark ink, appearing to read "William F. Carr", written over a horizontal line.

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87501

ATTORNEYS FOR MARALO, INC.

CASE _____: Application of Maralo, Inc. for a non-standard gas spacing unit, Lea County, New Mexico. Applicant in the above-styled cause seeks the creation of a non-standard spacing unit in the Queen formation, South Reeves-Gas Pool, comprised of the S/2 NW/4 and the N/2 SW/4 of Section 16, Township 18 South, Range 35 East, NMPM, for its Maralo "SV" 16 State No. 1 Well which has been recompleted at a location 1748 feet from the South line and 742 feet from the South line of said Section 16. Said well is located approximately ___miles _____of _____, New Mexico.