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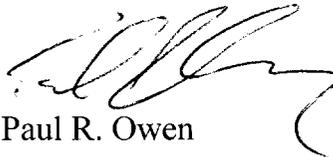
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: *Application of Enron Oil and Gas Company for Compulsory Pooling, Eddy
County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Enron Oil and Gas Company in the above-referenced case as well as a copy of the legal advertisement. Enron Oil and Gas Company requests that this matter be placed on the docket for the July 9, 1998 Examiner hearings.

Very truly yours,


Paul R. Owen

PRO:mlh
Enclosures
cc: Mr. Patrick Tower

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

CASE NO. 12025

APPLICATION

ENRON OIL AND GAS COMPANY ("Enron"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, including but not limited to the Grayburg-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the E/2 NW/4 and in all formations developed on 40-acre spacing from the surface to the base of the Chester formation in the SE/4 NW/4 of Section 2, Township 18 South, Range 29 East, Eddy County, New Mexico. In support of this Application, Enron states:

1. Enron is a working interest owner in the W/2 of said Section 2, on which it proposes to drill its STW "2" State Com. No. 1 Well at a standard location 1650 feet from the North line and 1650 feet from the West line of said Section 2 to a depth of approximately 11,800 feet to test any and all formations from the surface to the base of the Chester formation.

2. Enron has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 2. The names and addresses of those interest owners from whom Enron has been unable to obtain either voluntary agreement for pooling or farmout is attached hereto as Exhibit "A."

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 Enron 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.

5. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Enron Oil and Gas Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 9, 1998 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Enron operator of the W/2 of said Section 2, authorizing Enron 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 Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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

By:


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ATTORNEYS FOR ENRON OIL
AND GAS COMPANY

CASE 12005

Application of Enron Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all formations developed on 320-acre spacing underlying the W/2, including but not limited to the Grayburg-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the E/2 NW/4 and in all formations developed on 40-acre spacing from the surface to the base of the Chester formation in the SE/4 NW/4 of Section 2, Township 18 South, Range 29 East, Eddy County, New Mexico. Applicant proposes to dedicate this acreage to its STW "2" State Com. No. 1 Well to be drilled at a standard location 1650 feet from the North line and 1650 feet from the West line of said Section 2. Also to be considered will 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 4 miles southwest of Loco Hills, New Mexico.