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June 20, 2000

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HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

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CO JUN 20 PM 12:15

Re: ***Application of Fuel Products, Inc., for Compulsory Pooling, Eddy County, New Mexico***

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of Fuel Products, Inc., in the above-referenced case as well as a copy of a legal advertisement. Fuel Products respectfully requests that this matter be placed on the docket for the July 13, 2000 Examiner hearings.

Very truly yours,



Paul R. Owen

Enclosures

cc: Mr. Tom Beall
Fuel Products, Inc.
550 West Texas Street
Post Office Box 3098
Midland, Texas 79702

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

IN THE MATTER OF THE APPLICATION OF FUEL
PRODUCTS, INC., FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 123446

OIL CONSERVATION DIVISION
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APPLICATION

FUEL PRODUCTS, INC., ("Fuel Products"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, in the following manner: all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated North-Illinois Camp-Morrow Gas Pool; all formations developed on 160-acre spacing underlying the SE/4; and all formations developed on 40-acre spacing underlying the SE/4 SE/4, which includes but is not necessarily limited to the undesignated Empire Abo Pool, the undesignated Artesia Queen-Grayburg-San Andres Pool, and the undesignated Red Lake Queen-Grayburg-San Andres Pool. Said spacing and proration units are to be dedicated to Fuel Products' proposed Illinois Camp 18 State #1 Well, to be drilled at standard location in the SE/4 (Unit P) of said Section 18. In support of its application, Fuel Products states:

1. Fuel Products is a working interest owner in said Section 18 and has the right to drill thereon.
2. Fuel Products proposes to dedicate the above-referenced spacing or proration units to its proposed Illinois Camp 18 State #1 Well, to be drilled at a standard location in the SE/4 of said Section 18, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Fuel Products has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from those interest owners identified on Exhibit A to this application.

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 the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and the Applicant Fuel Products, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, Fuel Products, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 13, 2000, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Fuel Products, Inc. operator of these spacing and proration units, and authorizing Fuel Products, Inc. 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 Fuel Products, Inc. in drilling, completing and equipping the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 

PAUL R. OWEN

Post Office Box 2307

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ATTORNEYS FOR FUEL PRODUCTS, INC.

EXHIBIT A
NOTIFICATION LIST
APPLICATION OF FUEL PRODUCTS, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

SECTION 18, TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM,
EDDY COUNTY, NEW MEXICO

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Louis Dreyfus Gas Holdings, Inc.
Quail Springs Corporate Park
14000 Quail Springs Parkway #600
Oklahoma City, Oklahoma 73134

Mewbourne Oil Company
P.O. Box 5270
Hobbs, New Mexico 88241

Phillips Petroleum Co.
4044 Penbrook
Odessa, Texas 79762

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Nearburg Exploration Company, L.L.C.
c/o J. Scott Hall, Esq.
Miller, Stratvert & Torgerson, P.A.
Post Office Box 1986
Santa Fe, New Mexico 87504

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

CASE 12496 Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, in the following manner: all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North-Illinois Camp-Morrow Gas Pool; all formations developed on 160-acre spacing underlying the SE/4; and all formations developed on 40-acre spacing underlying the SE/4 SE/4, which includes, but is not necessarily limited to, the undesignated Empire Abo Pool, the undesignated Artesia Queen-Grayburg-San Andres Pool, and the undesignated Red Lake Queen-Grayburg-San Andres Pool. Said spacing and proration units are to be dedicated to Fuel Products' proposed Illinois Camp 18 State #1 Well, to be drilled at standard location in the SE/4 (Unit P) of said Section 18. 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 10 miles Southeast of Artesia, New Mexico.

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