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June 18, 2002

Case 12889

Hand Delivered

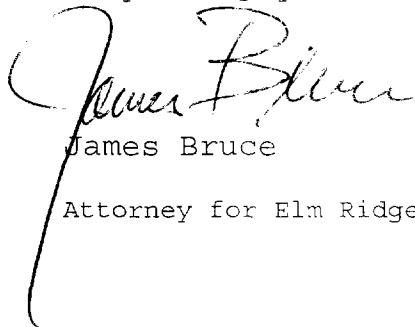
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, and a proposed advertisement, filed on behalf of Maralex Resources, Inc. Please set this matter for the July 11, 2002 Examiner hearing. Thank you.

The application and advertisement are also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Elm Ridge Resources, Inc.

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PARTIES BEING POOLED

XTO Energy Inc.
Suite 200
810 Houston Street
Fort Worth, Texas 76102

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MARALEX RESOURCES,
INC. FOR COMPULSORY POOLING, SAN
JUAN COUNTY, NEW MEXICO.

No. 12889

APPLICATION

Maralex Resources, Inc. applies for an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying the E½ of Section 36, Township 25 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the E½ of Section 36, and has the right to drill a well thereon.

2. Applicant proposes to drill its Trading Post 36 Well No. 1, at an orthodox coal gas well location in the NE¼ of the section, and seeks to dedicate the E½ of Section 36 for all pools or formations developed on 320 acre spacing, including the Basin-Fruitland Coal Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 36 for the purposes set forth herein.

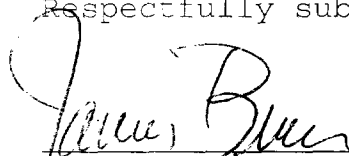
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 36, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 36 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 36, from the surface to the base of the Basin-Fruitland Coal Gas Pool;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting those rates as provided in the COPAS accounting procedure;
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- F. Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Maralex Resources, Inc.

PROPOSED ADVERTISEMENT

Case 12889: Application of Maralex Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying the E½ of Section 36, Township 25 North, Range 11 West, NMPM, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Trading Post 36 Well No. 1, to be drilled at an orthodox location in the NE¼ of Section 36. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately ____ miles southeast of Bloomfield, New Mexico.

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