

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY,
MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
ULTRAMAR OIL AND GAS LIMITED
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 10468

APPLICATION

COMES NOW Ultramar Oil and Gas Limited, through its undersigned attorneys, and hereby makes application to the Oil Conservation Division pursuant to N.M. Stat. Ann. § 70-2-17 for an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 16, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents 100% of the working interest underlying the E/2 of Section 16, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and has the right to drill thereon.

2. Applicant has drilled a well to test the Morrow formation at a location which is 1980 feet from the North line and 1980 feet from the East line of Section 16.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout agreements from all other interest owners of the operating rights and record title to the leases covering the E/2 of Section 16 except Millard Deck Oil Company which owns a record title interest only and no operating rights in the Morrow Formation in the NE/4 of Section 16. The address for this party is:

Millard Deck Oil Company
c/o Mr. Philip R. Bishop
Bishop, Payne, Lamsens & Brown
Eighteenth Floor
NCNB Texas National Bank Building
500 West Seventh Street
Fort Worth, TX 76102

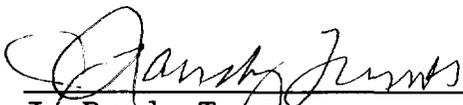
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 30, 1992, and that 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 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, and making such other further provisions as may be proper.

Respectfully submitted,

KEMP, SMITH, DUNCAN & HAMMOND, P.C.

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LIMITED