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NATURAL RESOURCES-OIL AND GAS LAW
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JASON KELLAHIN (RETIRED 1991)

July 13, 1992

Mr. William J. LeMay
Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail, Room 218
Santa Fe, New Mexico 87501

HAND DELIVERED

RECEIVED

RE: Application of BK Exploration
Corporation for Compulsory Pooling,
Eddy County, New Mexico

JUL 17 1992

OIL CONSERVATION DIVISION

10524

Dear Mr. LeMay:

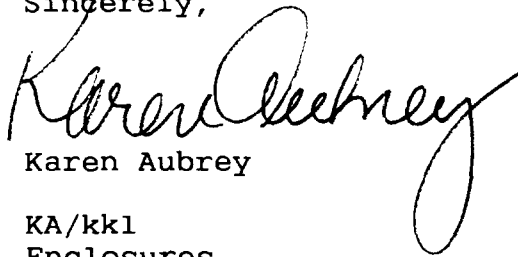
On behalf of BK Exploration Corporation, we would appreciate you setting the enclosed Application for a public hearing on the Division's Examiner's docket now scheduled for August 20, 1992.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. Those parties are directed to file a pre-hearing statement with the Division and send a copy to the undersigned not later than 4:00 PM on August 14, 1992.

In addition, these potential parties are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Mr. William J. LeMay
July 13, 1992
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Sincerely,

A handwritten signature in cursive script, appearing to read "Karen Aubrey".

Karen Aubrey

KA/kkl
Enclosures

xc: Bob Kimmel (w/encl.) - BK Exploration Corporation
Larry Robinette (w/encl.) - Bird Creek

Certified mail return receipt
To those parties listed in Paragraph
Number (3) of the Application

appk713.537

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

RECEIVED

JUL 12 1992

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF BK EXPLORATION CORPORATION FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

NO. 10524

A P P L I C A T I O N

COMES NOW BK Exploration Corporation, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Delaware formation or 6350 feet, whichever is deeper, underlying the following described acreage in Section 3, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico in the following manner:

To form a standard 40-acre oil spacing and proration unit consisting of the SE/4SE/4 of Section 3. In support thereof, Applicant states:

1. Applicant has the right to drill and develop the SE/4SE/4 of Section 3, T23S, R28E, N.M.P.M., Eddy County, New Mexico.

2. Applicant desires to drill its Hallwood Federal #1 well at a standard location, in said Section 3 and to dedicate the SE/4SE/4 (40 acres) to said well.

3. Applicant is informed and believes that following are working interest/mineral owners in the SE/4SE/4 of said Section 3:

(a)	Read & Stevens, Inc. P.O. Box 1518 Roswell, N.M. 88201	12.5%
(b)	BK Exploration Corporation 810 S. Cincinnati Suite 110 Tulsa, O.K. 74119	87.5%
		<hr/> 100.000%

4. Applicant has sought the voluntary agreement of the interest owners listed in Paragraph Number (3) above for the formation of the appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a voluntary agreement.

5. Pursuant to the Division notice requirements, applicant has notified those listed in Paragraph Number (3) above (with the exception of BK Exploration Corporation) of this application for compulsory pooling and its request for a hearing on August 20, 1992 by sending them a copy of this application and cover

letter by certified mail, return receipt requested.

6. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interest involved in order to protect applicant's correlative rights and prevent waste.

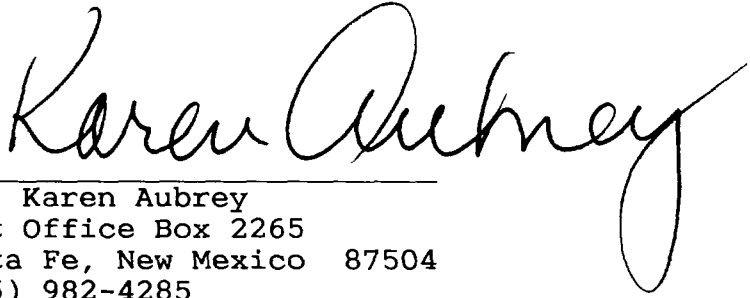
WHEREFORE, applicant prays that this application be set for hearing on August 20, 1992 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, that the order make provisions for applicant to recover, out of production, its costs of drilling, completing and equipping the well, and costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completion of the well and for such other and further relief as may be proper.

Application of BK Exploration Corporation
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Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: _____


Karen Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEYS FOR APPLICANT

appk713.537