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April 19, 1994

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

APR 19 1994

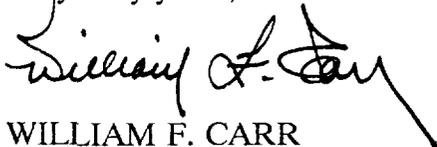
10973

Re: Application of Mallon Oil Company for Compulsory Pooling, Eddy County,
New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Mallon Oil Company in the above-referenced case as well as a copy of a legal advertisement. Mallon Oil Company respectfully requests that this matter be placed on the docket for the May 12, 1994 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Kevin Fitzgerald (w/enclosures)
Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

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

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

APR 19 1994

CASE NO. 10973

APPLICATION

MALLON OIL COMPANY, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the depth of 5000 feet to the base of the Morrow formation in the N/2 of Section 12, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant owns or represents over 88% of the working interest in the N/2 of Section 12, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Mobil "12" Federal No. 1 Well which is located at an orthodox location 660 feet from the North line and 1980 feet from the East line of Section 12. This well will be recompleted to test the Canyon formation and the Strawn formation, Undesignated South Carlsbad-Strawn Gas Pool.
3. Applicant has sought and been unable to obtain a voluntary agreement for pooling from certain interest owners in the N/2 of said Section 12.
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 Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on May 12, 1994 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions 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.

Respectfully submitted,

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

By: 
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ATTORNEYS FOR MALLON
OIL COMPANY