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OIL CONSERVATION DIVISION
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May 17, 1994

VIA FACSIMILE AND FIRST CLASS MAIL

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 10993

Re: In the Matter of the Application of ARCO
Permian for Compulsory Pooling/Cedar Lake 36-
1 Well

Dear Mr. LeMay:

I am enclosing herewith in duplicate an Application for
Compulsory Pooling for ARCO Permian's Cedar Lake State 36-1 Well,
Eddy County, New Mexico. I would ask that this be heard on June
9, 1994.

Thank you for your assistance.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth
Enclosures

xc w/encl: John Lodge, Arco

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
ARCO PERMIAN FOR COMPULSORY POOLING, :
EDDY COUNTY, NEW MEXICO :
_____ :

CASE NO. 10993

APPLICATION

ARCO PERMIAN hereby makes application for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 36, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner and has the right to drill a well in the W/2 of Section 36.

2. Applicant proposes to drill a well in the W/2 of Section 36, at an orthodox location 1980 feet from the South line and 660 feet from the West line of the Section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the W/2 of Section 36 for all pools or formations spaced on 320 acres.

3. Applicant has in good faith sought to join all other minerals or leasehold interest owners in the W/2 of Section 36 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral or leasehold 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 acreage. Therefore, Applicant seeks an order pooling all mineral and leasehold interest owners underlying the W/2 of Section 36 as described above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

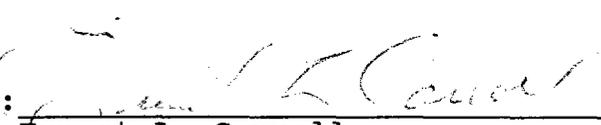
5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. The pooling of all interests underlying the W/2 of Section 36, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that the Division grant the relief requested above.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By: 

Ernest L. Carroll
P. O. Drawer 239
Artesia, New Mexico 88211-0239
(505)746-3505

Attorneys for Applicant

PROPOSED ADVERTISEMENT

Application of ARCO Permian for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 36, Township 17 South, Range 30 East, forming a standard 320-acre oil spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. 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 the risk involved in drilling said well. Said unit is located approximately 3 1/2 miles southeast of Loco Hills, New Mexico.