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September 15, 1989

HAND-DELIVERED

Case 9785
RECEIVED

SEP 15 1989

OIL CONSERVATION DIVISION

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

Re: In the Matter of the Application of ARCO Oil and Gas
Company, a Division of Atlantic Richfield Company, for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the above-referenced application of ARCO
Oil and Gas Company. ARCO respectfully requests that this matter
be placed on the docket for the Examiner hearings scheduled on
October 18, 1989.

Very truly yours,

William F. Carr
WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Richard G. Alletag
Ronald Sponberg, Esq.
ARCO Oil and Gas Company

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
ARCO OIL AND GAS COMPANY, A DIVISION
OF ATLANTIC RICHFIELD COMPANY,
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

RECEIVED
CASE NO. 9785 SEP 15 1979

OIL CONSERVATION DIVISION

APPLICATION

ARCO OIL AND GAS COMPANY, a division of Atlantic Richfield Company, by and through its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978), for an order pooling all of the minerals interests from the surface to the base of the Ellenberger formation for any and all formations and/or pools developed on 320-acre spacing in and under Lots 1 through 8 of Section 4, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents approximately 56.7% of the working interest in and under Lots 1 through 8 of Section 4, which due to survey variations includes approximately 317.6 acres, and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its O.C. Federal Com. No. 1 Well to be located at a standard location 660 feet from the North line and 1980 feet from the West line of said Section 4, which will be drilled to a depth of approximately 12,000 feet to test the Siluro-Devonian and Ellenberger formations.

3. Applicant has sought and has been unable to obtain either voluntary agreement for pooling or farmout from the other interest owner in the proposed unit in said Section 4: Chevron U.S.A. Inc., Post Office Box 1635, Houston, Texas 77251 (attention: Ray Vaden) the owner of a 43.3% working interest.

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

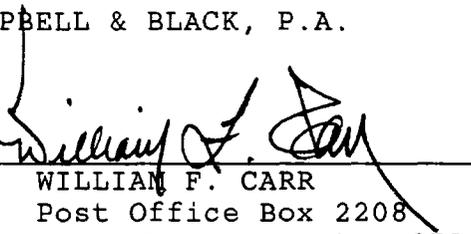
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on October 18, 1989, 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 and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:


WILLIAM F. CARR

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ATTORNEYS FOR ARCO OIL AND
GAS COMPANY