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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MESA GRANDE
RESOURCES, INC. FOR COMPULSORY
POOLING, RIO ARriba COUNTY,
NEW MEXICO.

Case No. 7107

APPLICATION

Mesa Grande Resources, Inc., hereby makes application for an Order pooling all interests in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota formations in the E $\frac{1}{2}$ of Section 5, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the E $\frac{1}{2}$ of said Section 5.

2. Applicant proposes to drill its Prowler No. 2 Well in the E $\frac{1}{2}$ of Section 5, at a standard location, to a depth sufficient to test the Gavilan Greenhorn-Graneros-Dakota formation, and seeks to dedicate the E $\frac{1}{2}$ of Section 5 to the well.

3. Applicant has in good faith sought to join all other mineral interest owners in the E $\frac{1}{2}$ of Section 5 for the purposes set forth herein.

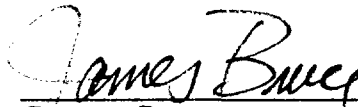
4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have refused to join in dedicating their acreage. Therefore, Applicant seeks an Order pooling all mineral interest owners underlying the E $\frac{1}{2}$ of Section 5, pursuant to § 70-2-17 N.M.S.A. 1978.

5. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator, under an operating agreement proposed by it, and that the Division set a penalty for the risk involved in drilling the well.

6. The pooling of all interests underlying the E $\frac{1}{2}$ of Section 5 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By



James Bruce
Post Office Box 2068
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Dated: February 13, 1987

Attorneys for Applicant