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September 18, 1987

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RECEIVED

SEP 18 1987

OIL CONSERVATION DIVISION

William J. LeMay, Director  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

HAND DELIVERED

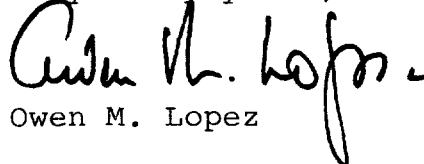
Re: Case No. 9236, Application of Mesa Grande  
Resources, Inc. for Compulsory Pooling, Rio Arriba  
County;  
Case No. 9225, Application of Mesa Grande, Ltd., for  
Compulsory Pooling, Rio Arriba County.

Dear Mr. LeMay:

Enclosed are an original and two (2) copies of an applica-  
tion for compulsory pooling submitted on behalf of Mesa Grande  
Resources, Inc. This case involves an application to force pool  
all interests in a 650.22 acre unit in the Gavilan-Mancos Oil  
Pool in which there is already an existing well. Because of the  
history of disputes among the parties in the pool, we request  
that it be heard before the full Commission.

In addition, in Case No. 9225, Mesa Grande, Ltd. submitted a  
similar compulsory pooling application involving a 640 acre unit.  
Although this matter is currently set for hearing at the Septem-  
ber 23rd Examiner hearing, we request that this matter also be  
heard before the full Commission.

Very truly yours,

  
Owen M. Lopez

OML:jr  
Enclosure

cc: W. Thomas Kellahin w/enc.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

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

SEP 18 1987

OIL CONSERVATION DIVISION

Case No.

9236

APPLICATION

Mesa Grande Resources, Inc. hereby makes application for an Order pooling all interests in the Gallup formation of the Gavilan-Mancos Oil Pool underlying Section 1, Township 24 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant is an operator in said Section 1. Mesa Grande, Ltd. and Arriba Company, Ltd. are the current working interest owners in the well and support this Application.

2. Applicant has drilled its Invader No. 1 Well in Section 1 at a standard location, and seeks to dedicate all of Section 1 to the well with respect to the Gallup formation of the Gavilan-Mancos Oil Pool.

3. The New Mexico Oil Conservation Commission issued Order No. R-7407-E, effective June 8, 1987, which provides for 640 acre spacing and proration units for the Gavilan-Mancos Oil Pool.

4. Applicant has in good faith sought to join all other mineral interest owners in Section 1 for the purposes set forth herein.

5. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well, at cost, or to otherwise commit their interests to the well in compliance with Order No. R-7407-E, certain interest owners have refused to join in dedicating their

undeveloped acreage and have refused to participate in the Invader No. 1 Well. Therefore, Applicant seeks an Order pooling all mineral interest owners in the Gallup formation underlying Section 1, pursuant to §§ 70-2-17, 18 N.M.S.A. 1978, to be effective June 8, 1987.

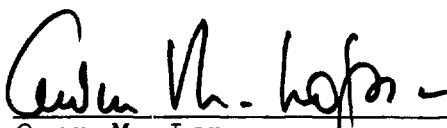
6. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty for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

7. The pooling of all interests underlying Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. Applicant requests that this matter be heard before the full Commission on October 15, 1987.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By



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Dated: September 16, 1987

Attorneys for Applicant and  
Working Interest Owners