

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
New Mexico Board of Legal
Specialization Recognized Specialist
in the area of Natural resources-
oil and gas law

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.com

June 25, 2003

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Dirt Devil "23" State Well No. 1
Unit M, W/2 Section 23, T17S, R34E
Application of Fasken Oil and Ranch, Ltd.
for Compulsory Pooling
Lea County, New Mexico

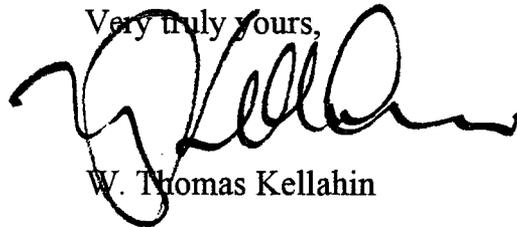
RECEIVED
JUN 25 2003
Oil Conservation Division

Case 13106

Dear Ms. Wrotenbery:

On behalf of Fasken Oil and Ranch, Ltd., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for July 24, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Fasken Oil and Ranch, Ltd.
Attn: Sally M. Kvasnicka

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF FASKEN OIL AND RANCH, LTD.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 13106

APPLICATION

FASKEN OIL AND RANCH, LTD. ("Fasken") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests from the top of the Wolfcamp formation (9,000 feet) to the base of the Morrow formation underlying the W/2 of Section 23, T17S, R34E, NMPM, Lea County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the top of the Wolfcamp formation to the base Morrow formation, including but not limited to the North Vacuum-Atoka/Morrow Gas Pool. This unit is to be dedicated to its Dirt Devil "23" State Well No. 1 which is to be drilled at a standard well location in Unit M of this section. Also to be considered will be the costs of the drilling this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Fasken states:

1. Fasken has a working interest ownership in the oil and gas minerals from the top of the Wolfcamp formation to the base of the Morrow formation underlying the SW/4 of Section 23, T17S, R34E, NMPM, Lea County, New Mexico.

2. The subject tract is located within the boundaries of the North Vacuum-Atoka/Morrow Gas Pool.

3. Fasken has proposed this well to the working interest owners in the NW/4 of this section in order to form a standard 320-acre gas spacing unit consisting of the W/2 of this section.

4. Chesapeake despite its efforts has been unable to obtain the voluntary agreement the working interest owner in the NW/4 of this section for the proposed 320-acre gas spacing unit all as identified on Exhibit "A."

5. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Fasken needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for July 24, 2003.

WHEREFORE, Fasken, as applicant, requests that this application be set for hearing on July 24, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Fasken Oil and Ranch, Ltd. be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
Telephone: (505) 982-4285
Fax: (505) 982-2047

Exhibit "A"

**ExxonMobil Production
P. O. Box 4697
Houston, Texas 77210-4697
Attn: Paul Keffer**