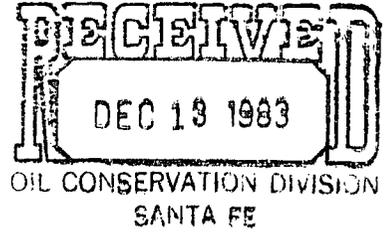


E. ALEX PHILLIPS
1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103

December 12, 1983



Mr. Joe D. Ramey, Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 8038

Re: Application of Mesa Grande
Resources, Inc.
For Compulsory Pooling
Rio Arriba County, New Mexico

Dear Mr. Ramey:

I would like to amend our Application to the following and have enclosed an original and two copies. Please note that the amendments include changing the Applicant's name to E. Alex Phillips and adding Dugan Production Corporation.

Thank you for your assistance and cooperation in this matter.

Very truly yours,

Michael L. Wallace

Michael L. Wallace
Land Manager

MLW:dw
Enclosures

BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF E. ALEX PHILLIPS
FOR COMPULSORY POOLING, RIO ARRIBA
COUNTY, NEW MEXICO

NO. 8038

APPLICATION

Applicant, E. Alex Phillips, by and through its undersigned attorney,
and in support of this application alleges and states as follows:

1. That Applicant is Operator and Owner within the meaning of Section 70-2-17(c), N.M.S.A., 1978 Compilation, and as such seeks to force-pool all of the oil and gas mineral interests from the top of the Mesa Verde formation to the base of the Dakota formation in the S/2 of Section 26, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico (said lands).

2. That Applicant proposes to drill a well at a standard location on said lands to a depth sufficient to test the Dakota formation.

3. That Applicant will dedicate said lands to the well and desires to be designated as the Operator.

4. That the following working interest owners have not consented to the drilling of the well described above:

Mr. & Mrs. W. W. Oatman
Mr. & Mrs. H. M. Reed
Trustee, Warren Clark Trust
433 Perry-Brooks Building
Austin, Texas 78701

Northwest Pipeline Company
Post Office Box 5800
Terminal Annex
Denver, Colorado 80217

Dugan Production Corporation
Post Office Box 208
Farmington, New Mexico 87499

Gulf Exploration & Production
Post Office Box 1150
Midland, Texas 79702

Jerome P. McHugh & Associates
650 South Cherry, Suite 225
Denver, Colorado 82022

5. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. That Applicant should be authorized to withhold from production a reasonable supervision charge, attributable to each non-consenting working interest owner's proportionate share, during the drilling and production stages of the well.

7. That to avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in the proposed proration unit the opportunity to recover or receive without unnecessary expense its just and fair share of the hydrocarbons in the unit, said lands should be pooled as proposed herein.

WHEREFORE, Applicant respectfully requests:

1. That this application be set for hearing before an examiner of the Division at the next available hearing date and that notice of said hearing be given as required by law.

2. That upon hearing the Division enter its order pooling all oil and gas mineral interests from the top of the Mesa Verde formation to the base of the Dakota formation underlying S/2 of Section 26, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico.

3. And for such other relief as the Division may deem appropriate in the premises.

Respectfully submitted,

Michael L. Wallace

Michael L. Wallace
Attorney for Applicant

1200 Philtower Building
Tulsa, Oklahoma 74103