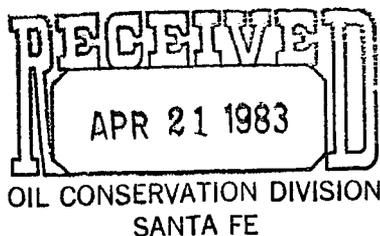


ERNEST L. PADILLA
ATTORNEY AND COUNSELOR AT LAW



First Northern Plaza
P.O. Box 2523
Santa Fe, New Mexico 87501
(505) 988-7577

April 20, 1983

HAND-DELIVERED

Joe D. Ramey, Director
Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Application of Julian Ard for a Nonstandard Proration Unit,
and in the Alternative, for Compulsory Pooling

Dear Mr. Ramey:

Enclosed please find copies of the Application regarding the above captioned matter. I would appreciate it if you would file same with the Oil Conservation Division. I would also request that a hearing be set for the next available examiner hearing.

Thank you for your consideration in this request.

Sincerely yours,

A handwritten signature in cursive script that reads "Ernest L. Padilla".

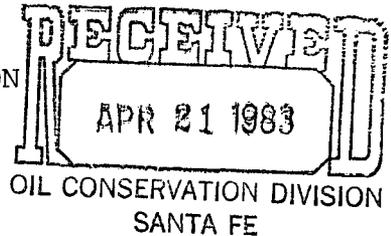
Ernest L. Padilla

ELP/bv

Enc

cc: Julian Ard

BEFORE THE OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF JULIAN ARD FOR A NONSTANDARD
PRORATION UNIT, OR IN THE ALTER-
NATIVE, FOR COMPULSORY POOLING

NO. 7865

APPLICATION

Applicant states:

I

Nonstandard Proration Unit

1. That Applicant has drilled a well 1980 FSL and 660 FEL of Section 14, Township 8 South, Range 27 East, Chaves County, New Mexico, and that it (the well) was originally projected as an oil well.

2. That the well has now been completed as a gas well in the Atoka formation.

3. That Rule 104 of the Rules and Regulations of the Oil Conservation Division requires a 320 acre proration unit for the well dedication.

4. That the initial production tests on the well indicate that the well should be dedicated to the SE/4 of Section 14 only.

5. That approval of this application would not impair correlative rights or cause waste.

WHEREFORE, Applicant respectfully requests:

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

2. That upon hearing the Division enter its order approving a nonstandard proration unit comprised of the SE/4 of Section 14, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, to be dedicated to the well.

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

II

Compulsory Pooling

Applicant, as an alternative and only as an alternative to I above states:

1. That Applicant is an 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 within the Atoka formation in the E/2 of Section 14, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, containing approximately 320 acres, more or less (said lands).

2. That Applicant has drilled and completed a gas well at a standard location on said lands to the Atoka formation.

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

4. That the Applicant has obtained the consent of the working interest and royalty owners in the proposed proration unit except for the NW/4NE/4 of Section 14, which are under oil and gas lease to Dale Nichols.

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 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 examiner hearing 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 interest in the Atoka formation underlying the E/2 of Section 14, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

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

Respectfully submitted,



Ernest L. Padilla
Attorney for Applicant

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Santa Fe, NM 87501
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