

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MEDALLION PRODUCTION COMPANY FOR
COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 11410

APPLICATION

COMES NOW MEDALLION PRODUCTION COMPANY, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the S/2 of Section 20, Township 15 South, Range 28 East, N.M.P.M., Chaves County, New Mexico, and in support thereof states:

1. Applicant owns or represents approximately 84% of the working interest in the S/2 of Section 20 on which it proposes to drill its U.S.A. "20" Well No. 1 at an unorthodox location 990 feet from the South line and 1100 feet from the East line (Unit P) of Section 20, to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation, Undesignated Buffalo Valley-Pennsylvanian Gas Pool. The unorthodox location for this well is the subject of Case 11387 which was heard by the Division on September 21, 1995.

2. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 20.

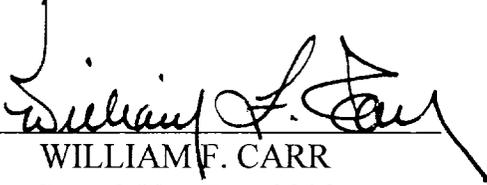
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit Medallion Production Company to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled and Medallion Production Company should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on October 19, 1995, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Medallion Production Company operator of the S/2 of said Section 20, and authorizing Medallion to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Medallion in drilling, completing and equipping the well.

Respectfully submitted,

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