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October 23, 1995

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Oil Conservation Division

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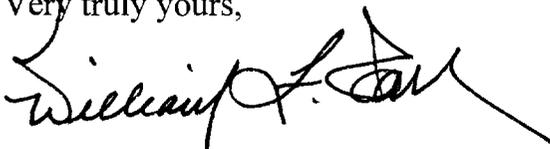
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87503

Re: Application of Maralo, Inc. for compulsory pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Maralo, Inc. in the above-referenced case as well as a legal advertisement. Maralo, Inc., respectfully requests that this matter be placed on the docket for the November 16, 1995 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Shane Lough, (w/enclosures)
Maralo, Inc.
Post Office Box 832
Midland, TX 79702

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

OCT 23 1995

IN THE MATTER OF THE APPLICATION
OF MARALO, INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Oil Conservation Division
CASE NO. _____

APPLICATION

MARALO, INC., 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 Wolfcamp formation in the N/2 NE/4 of Section 20, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Applicant is the owner of working interest in the N/2 NE/4 of said Section 20, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its Lowe "20" No. 1 Well which was drilled at an unorthodox oil well location 350 feet from the North line and 1550 feet from the East line in the N/2 NE/4 of said Section 20, and completed in the Wolfcamp formation. This location was approved by Division Order No. R-10403 entered on June 26, 1995.

3. Maralo has sought the creation of a new pool for production of oil from the Wolfcamp formation and the promulgation of temporary Special Pool Rules and Regulations therefor including provisions for 80-acre spacing. The Lowe "20" No. 2 Well will be

governed by these rules. (See Case 11409 heard on October 19, 1995).

4. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the N/2 NE/4 of said Section 20.

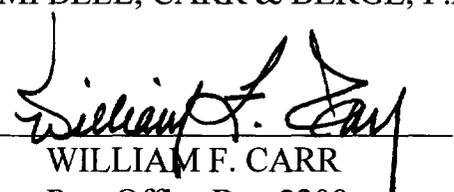
4. Said pooling of interests will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant 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 November 16, 1995 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of supervision of the well, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR MARALO, INC.

CASE _____: Application of Maralo, Inc., for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the N/2 NE/4 of Section 20, Township 13 South, Range 38 East. Said unit is to be dedicated to its Lowe "20" No. 1 Well at a previously approved unorthodox oil well location 350 feet from the North line and 1550 feet from the East line in the N/2 NE/4 of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6.25 miles southeast by south of Carlsbad, New Mexico.

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