



BILL CLEMENT
PARTNER

JEFF SMITH
PARTNER

11023
11024
11025 } Heard

July 18, 1994

All 4 cases but
11026 dismissed
by Anson

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Compulsory Pooling Hearings
NE/4 SW/4, NW/4 SE/4
Section 33-16S-38E and
NW/4NE/4 Section
8-17S-38E, all three (3) in
Lea County, New Mexico

Gentlemen:

Our Company recently received three (3) separate Applications for Compulsory Pooling on each of the three (3) tracts cited above. In that no Case Numbers are noted on the Applications, copies of each of those Applications is enclosed for your ready reference. You will note that the hearings are scheduled for **July 21, 1994**.

Our leasehold interest is but one-fourth (1/4th) of an acre under each tract, but it seems unfair to us to be forced to make an election on all three (3) proposed wells at the same time. It would appear that the Applicant is seeking to gain an unfair advantage by filing this Compulsory Pooling Application so as to coerce us to make an untimely election. Because our interest is so small we cannot justify the expense of a trip to Santa Fe nor the retaining of a New Mexico attorney.

Further, we are not even sure that they intend to drill all three (3) of the wells. And, in their zeal to compel premature elections from us they have formally proposed a fourth location to be drilled in the SE/4NW/4 of Section 33-16S-38E; no doubt an Application for Compulsory Pooling will soon be made on that location as well.

Accordingly, Smith-Clement Exploration, Inc. respectfully requests that the Division Examiner not compel us to make all these elections at the same time. Neither protection of correlative rights nor prevention of waste will be accomplished by their attempt to coerce premature elections out of us. We respectfully request that either (a) two of the hearings be continued until after the first well is down, or (b) deferred elections be granted pending the testing and completion of the first well to be drilled.

Thank you in advance for your consideration of our request.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Smith", with a long horizontal flourish extending to the right.

Jeff Smith

Encl.