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November 17, 1988

AIRBORNE EXPRESS

Oil Conservation Commission
New Mexico Department of Energy & Minerals
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87504

Case 9558

Re: In the Matter of the Application of McKay Oil
Corporation for Compulsory Pooling, Chaves County,
New Mexico

Gentlemen:

Pursuant to our telephone conversation with your office,
enclosed you will find the original and three copies of our
Application with regard to the captioned matter. Please
file this Application and set the same for hearing on
December 21, 1988.

I would appreciate it if you would return a file-marked copy
of the Application to me for my file. I have enclosed a
self-addressed, stamped envelope for your convenience in
returning the same.

Should you need anything further in connection with this
matter, please feel free to call me. Your assistance in
this matter is greatly appreciated.

Very truly yours,

SANDERS, BRUIN, COLL & WORLEY, P. A.

Damon Richards
Damon Richards

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Enclosures

- cc: Mr. Carl Engwall & Ruth Engwall (with copy of Appl.)
P. O. Box 782
Roswell, New Mexico 88201
Certified Mail/RRR - P 665 385 935
- cc: Emma Evertson (with copy of Application)
2431 31st Court, NE
Lighthouse Point, Florida 33064
Certified Mail/RRR - P 665 385 936
- cc: McKay Oil Corporation

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
MCKAY OIL CORPORATION FOR COMPULSORY
POOLING, CHAVES COUNTY, NEW MEXICO

Case No. 9558

APPLICATION

COMES NOW, McKay Oil Corporation, by and through its undersigned attorneys, Sanders, Bruin, Coll & Worley, P. A., and as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application for an Order pooling all of the mineral interests in the Abo formation in and under the SW/4 Section 34, Township 6 South, Range 26 East, N.M.P.M., Chaves County, New Mexico, and in support thereof would show the Division as follows:

1. Applicant owns 50.0% of the working interest in and under the above-described lands, and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an orthodox location 1780 feet from the South line and 660 feet from the West line of said Section 34.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the above-described lands, except for Carl Engwall and Ruth Engwall, whose last known address is P. O. Box 782, Roswell, New Mexico 88201, which individual owns or controls a 4.875% working interest and Emma Evertson, whose last known address is

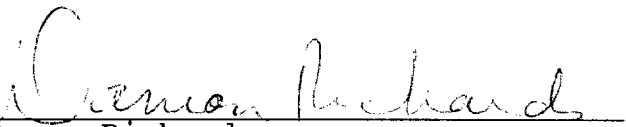
2431 31st Court, NE, Lighthouse Point, Florida 33064, which individual owns or controls a 15.625% working interest.

4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, 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, the 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 a duly appointed Examiner of the Oil Conservation Division on the 21st day of December, 1988, and that 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 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 the Applicant in drilling, completing and equipping the well, approving the location of the well as proposed by Applicant, and making such other and further provision as may be proper in the premises.

SANDERS, BRUIN, COLL & WORLEY, P. A.

By: 
Damon Richards
P. O. Box 550
Roswell, New Mexico 88201
(505) 622-5440

ATTORNEYS FOR MCKAY OIL CORPORATION