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December 20, 1988

William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

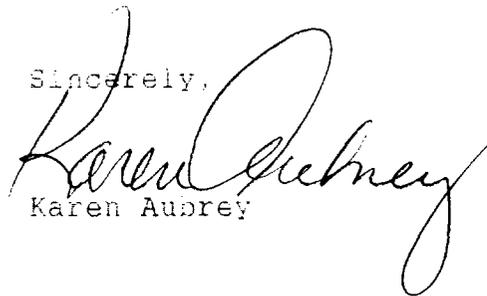
Case 9579

Dear Mr. LeMay

Enclosed please find the original and one copy of an Application by Sun Exploration and Production Company for Compulsory Pooling, Lea County, New Mexico. Please set this Application for hearing on the examiner docket on January 18, 1988.

We are sending Amerada Hess Corporation a copy of this letter and a copy of the enclosed Application, by certified mail, in order to notify them that they have the opportunity to appear in support of or in opposition to the enclosed Application.

Sincerely,



Karen Aubrey

KA/im
Encl.

cc: Amerada Hess (Certified Mail)

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF SUN EXPLORATION AND PRODUCTION
COMPANY FOR A COMPULSORY POOLING
ORDER. LEA COUNTY, NEW MEXICO

RECEIVED

DEC-21-1988

Case 9579

OIL CONSERVATION DIVISION

APPLICATION

COMES NOW, SUN EXPLORATION AND PRODUCTION COMPANY, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and in accordance with Section 70-2-17(c) N.M.S.A. (1978 Comp.) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Morrow formation or 13500 feet, whichever is deeper, in the Atoka, Morrow, Bone Springs, Strawn and/or Wolfcamp formations underlying the N/2, the N/2NW/4, and/or the NE/4NW/4 of Section 16, T22, R34E, NMPM, Lea County, NEW Mexico. The above described acreage is to be dedicated to its Taggart State Com. No. 1 Well to be drilled at a standard location 660'FNL and 1980'FWL to a depth of approximately 13,500 feet. In support of this application, applicant would show:

1. Applicant has the right drill and develop the N/2 of Section 16, T 22S, R34E, NMPM leas County New Mexico.
2. Applicant desires to drill a well at a standard location in the NE/4NW/4 of said section.

3. Applicant has sought the voluntary agreement of Amerada Hess Corporation, owner of the nonconsenting working interest, for the formation of appropriate spacing and proration units, but has been unable to obtain voluntary agreement.

4. Pursuant to the Division's notice requirements, applicant has notified Amerada Hess Corporation of this application for compulsory pooling and the applicant's request that this matter be set for hearing before the Division on January 8, 1989.

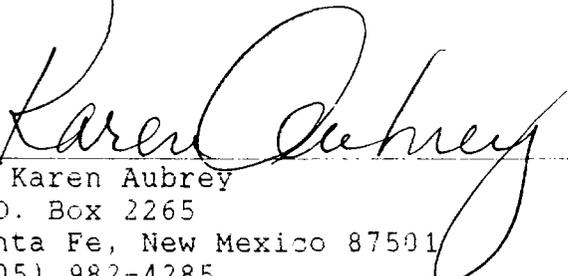
5. In order to obtain its just and equitable share of the hydrocarbons underlying the above tract(s), applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described herein. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover, out of production, its cost of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, and for such other and further relief as may be proper.

Respectfully submitted.

KELLAHIN, KELLAHIN & ABUREY

By


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