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W. Thomas Kellahin
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Of Counsel

March 6, 1989

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Re: Sun Federal Com A No. 1

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 March 29, 1989.

We are sending Joe Reynolds and Pacific Enterprises 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/rs

Encl.

cc: Pacific Enterprises by Certified Mail
Joe Reynolds by Certified Mail

BTA Oil Producers by Certified Mail
Attn: Mr. Bob Crawford
104 S. Pecos
Midland, Texas 79701

Sun Exploration and Production Company
Attn: Mr. Charles A. Grey
P.O. Box 2880
Dallas, Texas 75221-2088

RECEIVED

MAR 7 1989

OIL CONSERVATION DIVISION

Case 9634

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

RECEIVED

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

MAR 7

OIL CONSERVATION DIVISION
Case 9634

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 13700 feet, whichever is deeper, in the Yates, Delaware, Bone Spring, Wolfcamp, Ojo Chiso Strawn, Antelope Ridge Atoka and/or the Ojo Chiso Morrow formations underlying the NE/4 NW/4, E/2NW4, NW/4 and/or the N/2 of Section 26, T22, R34E, NMPM, Lea County, New Mexico. The above described acreage is to be dedicated to its Sun Federal Com. A No. 1 Well to be drilled at a standard location 990 FNL and 2310 FWL to a depth of approximately 13,700 feet. In support of this application, applicant would show:

1. Applicant has the right drill and develop the N/2 of Section 26, T 22S, R34E, NMPM Lea 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 the owners of the nonconsenting working interests, for the formation of appropriate spacing and proration units, but has been unable to obtain voluntary agreement. The nonconsenting working interest owners and their percentage interests are:

1. Joe Reynolds 12.5%
2333 50th Street
Lubbock, Texas 79421
2. Pacific Enterprises 12.5%
10 Desta Drive
Midland, Texas 79705
Attn: John Lodge

4. Pursuant to the Division's notice requirements, applicant has notified all working interest owners of this application for compulsory pooling and the applicant's request that this matter be set for hearing before the Division on March 29, 1989.

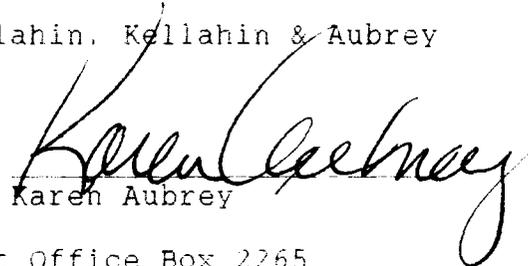
5. In order to obtain its just and equitable share of the hydrocarbons underlying the above tracts, applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

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 & Aubrey

By:


Karen Aubrey

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