

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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APR 24 1990

OIL CONSERVATION DIVISION

CASE NO. 9942

IN THE MATTER OF THE APPLICATION
OF OSBORN HEIRS COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

APPLICATION

OSBORN HEIRS COMPANY, through its undersigned attorneys, hereby makes application pursuant to N.M.Stat. Ann. § 70-2-17, (1978) for an order pooling all of the mineral interests from the surface to the base of the San Andres formation for any and all formations and/or pools developed on 40-acre spacing in and under the NW/4 NW/4 of Section 20, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns approximately 77% of the working interest in and under the NW/4 NW/4 of Section 20, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Osborn No. 2 E.D. Shipp Well to be drilled at a standard location in the NW/4 NW/4 of said Section 20 to an approximate depth of 5500 feet to test the San Andres formation.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the NW/4 NW/4 of said Section 20 except for the following:

TEX/CON Oil & Gas Company
9401 Southwest Freeway
Suite 1200
Houston, Texas 77074
Attn: Land Department

the owner of a 23% working interest, more or less.

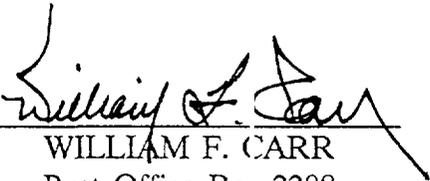
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 May 16, 1990, 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, and making such other and further provisions as may be proper.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

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ATTORNEYS FOR OSBORN
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