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May 15, 1990

RECORDED

HAND DELIVERED

MAY 15 1990

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

OIL CONSERVATION DIV.
SANTA FE

9966

Re: Mitchell Energy Corporation
for Compulsory Pooling
Milky Way State No. 1 Well
SE/4 Section 17, T18S, R35E
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we would appreciate you setting the enclosed Application for a public hearing on the Division's Examiner docket now scheduled for June 13, 1990.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. Those parties are directed to contact the Division or the Applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Enclosure

William J. LeMay
May 15, 1990
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xc: Mitchell Energy Corporation
1000 Independence Plaza
400 W. Illinois
Midland, Texas 79701
Attn: Mr. Steven J. Smith

xc: Certified Mail-Return Receipt
All parties listed in Exhibit "A"
of Application

RECORDED

MAY 15 1966

OIL CONSERVATION DIV.
SANTA FE

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO:

9966

A P P L I C A T I O N

COMES NOW MITCHELL ENERGY CORPORATION by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest as follows:

(1) From the surface to the base of the undesignated Delaware formation or 6,700 feet which ever is deeper, for the formation of a 40-acre oil spacing and proration unit consisting of the NE/4SE/4 of Section 17, T18S, R35E, N.M.P.M., Lea County, New Mexico;

(2) From the surface to the base of the Queen formation for the formation of a 160 acre gas spacing and proration unit consisting of the SE/4 of said Section 17.

In support thereof, Applicant states:

1. Applicant is a working interest owner in the SE/4 of Section 17, T18S, R35E, N.M.P.M.

2. Applicant desires to drill a well at a standard location to a total depth of approximately 6,700 feet to test the Delaware formation.

3. Applicant is informed and believes that the working interest/mineral owners entitled to participate in and pay for the costs of the subject well are as shown on Exhibit "A" attached hereto.

4. The working interest ownership is common in the SE/4 of said Section 17 and will be the same parties with the same percentages in the event of 40-acre oil spaced production or 160 acre spaced gas production.

5. Applicant has sought the voluntary agreement of all those parties shown on Exhibit "A" for the formation of the appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a fully executed written voluntary agreement from Texaco, Inc. or from Rowan Petroleum Inc.

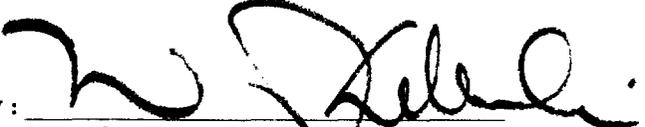
6. Pursuant to the Division notice requirements, Applicant has notified all those parties shown on Exhibit "A" of this Application for compulsory pooling and its request for a hearing on June 13, 1990 by sending those parties a copy of this Application and cover letter.

7. In order to obtain its just and equitable share of the potential production underlying the above tract, 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 interest described herein. Applicant further prays that it be named operator of the well, that the order make provisions for Applicant to recover out of production its costs of drilling, completing and equipping it, and costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling and completion of the well and for such other and further relief as may be proper.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
Post Office Box 2266
Santa Fe, New Mexico 87504
(505) 982-4285

ATTORNEYS FOR APPLICANT

EXHIBIT "A"

INTEREST OWNER AND ADDRESS	WORKING INTEREST
Mitchell Energy Corporation 400 West Illinois Suite 1000 Midland, Texas 79701	50%
Texaco, Inc. P.O. Box 2100 Denver, Colorado 80201	27.75%
Rowan Petroleum Inc. 1900 Post Oak Tower 5051 Westheimer Road Houston, Texas 77056	22.25%