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W. THOMAS KELLAHIN
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CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

June 5, 1990

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

RECEIVED

JUN 5 1990

Re: Application of Pacific Enterprises Oil
Company, USA for Compulsory Pooling,
Eddy County, New Mexico

OIL CONSERVATION DIVISION

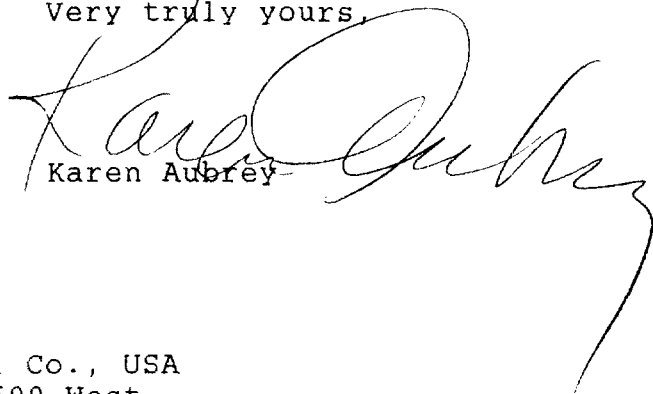
9970

Dear Mr. LeMay:

On behalf of Pacific Enterprises Oil Company, USA please find enclosed our Application for Compulsory Pooling which we would request be set for hearing on the next available Examiner's docket now scheduled for June 27, 1990.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail, return-receipt requested, 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. 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,



Karen Aubrey

KA/tic
Enclosure

cc: Craig Clark
Pacific Enterprises Oil Co., USA
10 Desta Drive, Suite 500-West
Midland, Texas 79705

Certified Mail Return-Receipt
All parties listed in Exhibit A
of the Application, w/encl.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

JUN 4 1990

IN THE MATTER OF THE APPLICATION OF
PACIFIC ENTERPRISES OIL COMPANY, USA
FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO.

9970

A P P L I C A T I O N

COMES NOW, PACIFIC ENTERPRISES OIL COMPANY, USA,
by and through its attorneys, Kellahin, Kellahin & Aubrey,
and in accordance with Section 70-2-17(c) NMSA (1978)
applies to the New Mexico Oil Conservation Division for an
order pooling all mineral interest underlying the following
described acreage in Section 16, T17S, R31E, Eddy County,
New Mexico in the following described manner:

1. E/2 to form a 320 acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits below the top of the Wolfcamp developed on 320 acre gas well spacing; and
2. SE/4 to form a 160 acre, more or less, gas spacing and proration unit for any and all formations and or pools within said vertical limits above the top of the Wolfcamp developed on 160 acre gas well spacing, and
3. NW/4SE/4 to form a 40 acre, more or less, oil spacing and proration unit for any and all formations and or pools spaced on 40 acre oil spacing.

4. Applicant has sought a voluntary agreement with all those parties shown on Exhibit "A" for the formation of appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a voluntary agreement.

5. Pursuant to the Division notice requirements, Applicant has notified all those parties shown on Exhibit "A" of this Application for compulsory pooling and the Applicant's request for a hearing before the Division to be set on June 27, 1990.

6. In order to obtain its just and equitable share of the potential production underlying the above tract, Applicant needs an order pooling the mineral interest of those parties shown on Exhibit "A" as not having voluntarily committed their interest in order to protect Applicant's correlative rights and prevent waste.

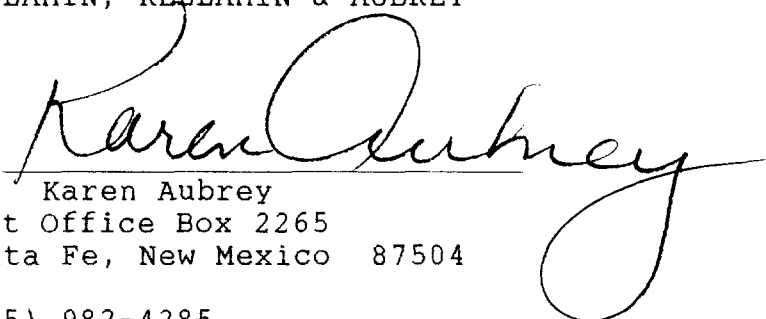
WHEREFORE, Applicant prays that this Application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order approving the pooling of the mineral interest described herein. Applicant further prays that it be named operator of the well, and that the order make provisions for Applicant to recover out of production its costs 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, for such other and further relief as may be proper.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By:


Karen Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "A"

WORKING INTEREST OWNERS

Exxon Company, U.S.A P.O. Box 1600 Midland, Texas 79702-1600 Attn: Mr. Joe B. Thomas	50.00%
Fina Oil and Chemical Company P.O. Box 2990 Midland, Texas 79702-2990 Attn: Mr. Kevin Pfister	6.25%
Anadarko Petroleum Corporation P.O. Box 2497 Midland, Texas 79702 Attn: Mr. Mike Goode	12.5%
Matador Petroleum Corporation Pecan Creek, Suite 158 8340 Meadow Road Dallas, Texas 75231 Attn: Mr. David Frye	12.5%