



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

GARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 13, 1990

Maralex Resources, Inc.
518 7th Street
Suite 1030
Denver, CO 80202

Handwritten signature and date
10/1/90

Attention: A. M. O'Hare, President

*RE: Compulsory Pooling Applications pursuant to
General Rule 1207.1.(ii); S/2 Section 17 and N/2
equivalent Section 18, Township 30 North, Range
11 West, Basin-Fruitland Coal Gas Pool, San Juan
County, New Mexico.*

Dear Mr. O'Hare:

Your applications dated August 28, 1990 were received by the NMOCD on August 30, 1990 which were too late to be placed on the docket for the September 19, 1990 Examiner Hearing. Both applications will therefore be placed on the October 3, 1990 docket.

In reviewing your request, it was determined that the proposed risk penalty factor was somewhat excessive; therefore, any orders issued will contain the following findings:

"The applicant has proposed a 200 percent risk penalty to be assessed against those interest owners subject to the force-pooling provisions of this order."

"Based on precedent established in compulsory pooling cases in the Basin-Fruitland Coal Gas Pool, the proposed 200 percent risk penalty is excessive in this instance and should therefore be reduced to 156 percent."

"Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 156 percent thereof as a reasonable charge for the risk involved in the drilling of the well."

Maralex Resources, Inc.
Attention: A. M. O'Hare
September 13, 1990
Page 2

Unless Maralex is prepared to appear at the hearing with additional evidence to support the requested 200 percent penalty, this 156 percent factor will be finalized in any order issued in both cases.

Should Maralex have any comments regarding other matters regarding either case, please respond in writing to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a horizontal line extending to the right across the signature.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: William J. LeMay - OCD Director
Jim Morrow - OCD Chief Engineer
Robert G. Stovall - OCD General Counsel
Files: Case No. 10112
Case No. 10113

