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October 23, 1990

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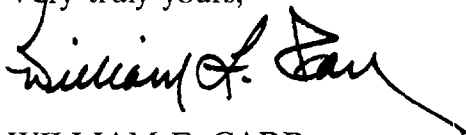
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: In the Matter of the Application of ARCO Oil and Gas Company for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of ARCO Oil and Gas Company in the above-referenced case. ARCO Oil and Gas Company respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on November 14, 1990.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Kent Bickham

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BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF ARCO OIL and GAS COMPANY FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 10156

APPLICATION

ARCO OIL and GAS COMPANY by its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all of the mineral interests from the surface to the base of the Ellenburger formation for any and all formations and/or pools developed on 320-acre spacing in and under the S/2 of Section 32, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

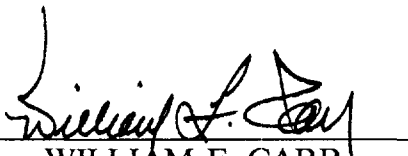
1. Applicant owns approximately 25% of the working interest in and under the S/2 of Section 32, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be located at a standard location in the S/2 of said Section 32.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the S/2 of said Section 32 except for Shell Western E & P, Inc. and Meridian Oil, Inc. owners of the remaining 75% working interest.
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 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.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 14, 1990, and, 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.

By: 
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ATTORNEYS FOR ARCO
OIL and GAS COMPANY