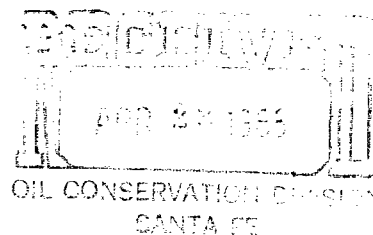


April 19, 1985



Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 8602

Re: Floyd Federal Com. No. 1 Well
Township 22 South, Range 26 East, NMPM
Section 29: W/2
Eddy County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of TXO Production Corp. for Compulsory Pooling, Eddy County, New Mexico. Also enclosed is an Affidavit of Mailing reflecting the mailing of a copy of the Application to Cities Service Oil & Gas Corporation.

We ask that this matter be set for hearing before an Examiner, and that we be furnished with a docket of said hearing.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

A handwritten signature in cursive script, appearing to read "Chad Dickerson".

Chad Dickerson

CD:pvm
Enclosures

cc w/enclosures: Mr. David Hundley

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR COMPULSORY :
POOLING, EDDY COUNTY, NEW MEXICO :
_____ :

CASE NO. 5602

APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and
in support hereof, respectfully states:

1. Applicant is the operator of all formations from
the surface through the base of the Morrow formation, underlying:

Township 22 South, Range 26 East, N.M.P.M.

Section 29: W/2

containing 320 acres, more or less,
and proposes to drill its Floyd Federal Com. No. 1 Well at a
point located 1,980 feet from the north line and ⁷⁸⁰~~660~~ feet from
the west line of said Section 29, to a depth sufficient to test
the Morrow formation.

2. A standard 320-acre gas proration unit comprising
the W/2 of said Section 29, from the top of the Wolfcamp to the
base of the Morrow formation should be dedicated to such gas well
or to such lesser portion thereof as is reasonably shown to be
productive of gas.

3. A standard 160-acre gas proration unit comprising
the NW/4 of said Section 29, as to the Delaware formation, should

be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. A standard 40-acre oil proration unit comprising SW/4 NW/4 of said Section 29 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil.

5. Cities Service Oil & Gas Corporation owns an interest in N/2 NW/4 of said Section 29, and has not agreed to pool its interest.

6. Applicant should be designated the operator of the well and the proration units.

7. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense, its just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, as to the zones and proration units set forth above should be pooled as to such oil or gas proration units as may be established as productive.

8. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

9. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision

charge for drilling and producing wells attributable to each non-consenting working interest owner.

10. The approval of this application will afford applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, as to the zones and proration units set forth above, or such lesser portion as may be productive of oil and gas and dedicated to applicant's well.

C. And for such other and further relief as may be just in the premises.

TXO PRODUCTION CORP.

By: Chad Dickerson
Chad Dickerson

DICKERSON, FISK & VANDIVER
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR COMPULSORY :
POOLING, EDDY COUNTY, NEW MEXICO : CASE NO. _____
:

Patricia Ferguson
Notary Public