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January 21, 1986

HAND DELIVERED

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R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

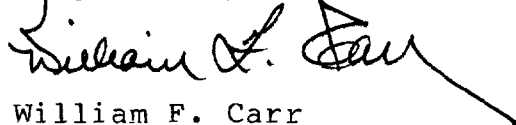
OIL CONSERVATION DIVISION

Re: Application of Inexco Oil Company for an Uorthodox
Well Location, Lea County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Inexco Oil
Company in the above-referenced case. Inexco Oil Company Company
respectfully requests that this matter be placed on the docket
for the Examiner hearings scheduled on February 19, 1986.

Very truly yours,


William F. Carr

WFC/cv
enclosures

cc: (w/enclosure)
Mr. Mac Ames

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

IN THE MATTER OF THE APPLICATION
OF INEXCO OIL COMPANY FOR COMPULSORY
POOLING AND AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

Case 8831

APPLICATION

Comes now, INEXCO OIL COMPANY, by and through its undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application for an order pooling all of the mineral interests from the surface to the top of the Strawn formation in and under the SE/4 NE/4, and all of the mineral interests in the Strawn formation in and under the S/2 NE/4 of Section 14, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns 44.4% of the working interest in and under the SE/4 NE/4 of Section 14 and 44.4% of the working interest in and under the S/2 NE/4 of said Section 14, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an unorthodox location 1800 feet from the North line and 500 feet from the East line of said Section 14.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners

in the S/2 NE/4 of said Section 14, except for the following:

Kastman Oil Company	6.25%	WI
Exxon Company, U.S.A.	2.0833%	WI

4. Said pooling of interests and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

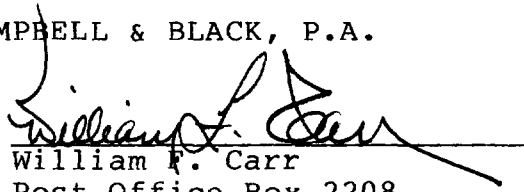
5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 19, 1986, and that 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, approving the unorthodox location of the well as proposed by applicant, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By


William F. Carr

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ATTORNEYS FOR INEXCO OIL
COMPANY