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JUL 21 1987

OIL CONSERVATION DIVISION

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July 21, 1987

HAND DELIVERED

Bill Lemay, Chairman
New Mexico Oil Conservation Division
New Mexico State Land Office Bldg.
Santa Fe, New Mexico 87501

Case 9192

Re: Application of Terra Resources, Inc. for Compulsory
Pooling and Unorthodox Well Location, Eddy County,
New Mexico

Dear Mr. Lemay:

Enclosed please find the Application of Terra Resources,
Inc. for Compulsory Pooling and Unorthodox Well Location, Eddy
County, New Mexico. On behalf of Terra Resources, Inc. we
request that this Application be set for hearing before the
Division on August 12, 1987.

Very truly yours,



J. Scott Hall

JSH/dmg
encl.
cc: John Lodge

BEFORE THE

RECEIVED

OIL CONSERVATION DIVISION

JUL 21 1987

NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

OIL CONSERVATION DIVISION

APPLICATION OF TERRA RESOURCES, INC.
FOR COMPULSORY POOLING AND UNORTHODOX
WELL LOCATION, EDDY COUNTY, NEW MEXICO

Case No. 9192

APPLICATION

Terra Resources, Inc., through its counsel, makes application pursuant to 70-2-17 N.M.S.A. (1978) for an order pooling all uncommitted mineral interests in the Morrow Formation underlying the E/2 of Section 7, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico to form a standard 320 acre spacing and proration unit. Applicant also seeks an exception to the well location requirements of Rule 104(C)(II)(A) of the Oil Conservation Division Rules to permit the drilling of a well at a location 660' FNL and FEL of said Section 7. In support, Applicant states:

1. Applicant owns or represents a substantial portion of the working interest in and under the E/2 of said Section 7 and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above referenced 320 acre pooled unit to its well to be drilled at the aforementioned unorthodox location 660' FNL and FEL of said Section 7.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from the owners of less than 100% of the working interest in the E/2 of Section 7.

4. The pooling of the uncommitted interests and well completion at the unorthodox well location will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order the permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the uncommitted mineral interests should be pooled, and the 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 August 12, 1987 and that after notice and hearing as required by law, the Division enter its order pooling the lands to be dedicated to the well to be drilled at the unorthodox location, including provisions for Applicant to recover its costs for 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 provisions as appropriate.

Respectfully submitted:

CAMPBELL & BLACK

By 

J. Scott Hall
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
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Attorneys for Terra Resources, Inc.