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Santa Fe, New Mexico 87504-2265

December 15, 1987

RECEIVED

DEC 16 1987

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: Primary Fuels Inc.
for Compulsory Pooling
Eddy County, New Mexico

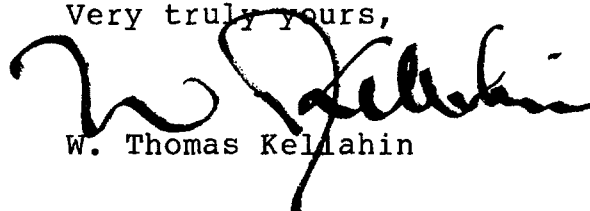
Case 9288

Dear Mr. LeMay:

On behalf of Primary Fuels Inc., we would appreciate you setting the enclosed application for a public hearing on the Division's Examiner docket now scheduled for January 6, 1987.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Primary Fuels Inc.
Suite 1300
415 West Wall
Midland, Texas 79701

"Certified Return-Receipt Requested"
All parties listed in Application

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PRIMARY FUELS INC.
FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO.

Case: 9288

A P P L I C A T I O N

COMES NOW PRIMARY FUELS INC., by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests below the top of the Wolfcamp formation underlying the N/2 of Section 19, T22S, R26E, NMPM, forming a 320 acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent, and in support thereof would show the Division:

1. Applicant has obtained the voluntary consent of a majority of the various working interests underlying the N/2 of Section 19, T22S, R26E, Eddy County, New Mexico authorizing applicant to drill the subject well.

2. Applicant has sought either voluntary agreement for pooling or farmout from the remaining mineral or working interest owners in the applicable spacing and proration units but has been unable to obtain a voluntary agreement from the following:

Exxon Company, USA
P. O. Box 1600
Midland, Texas 79702

NW/4NE/4 of Section 19
40 acres

Attn: Martha Radke


3. Pursuant to Division notice requirements, applicant has notified all the parties listed in paragraph 2 above of this application for compulsory pooling and the applicant's request for a hearing before the Division to be set on January 6, 1988.

4. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, and that the order make provisions for applicant to recover out of production its costs of drilling, completing and equipping the subject well, costs of operation, including costs of supervision

and a risk factor in the amount of 200% for the drilling and completing of the well, for such other and further relief as may be proper.

Respectfully submitted,


By _____
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