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December 28, 1987

William J. LeMay
Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Case 9296

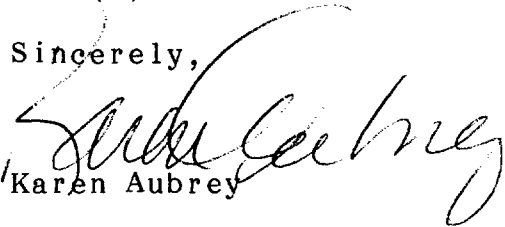
Re: Sun Exploration & Production Company

Dear Mr. LeMay:

Enclosed is an Application for Compulsory Pooling and Non-standard Proration Unit which we are filing on behalf of Sun Exploration and Production Company. Please set this matter for hearing on January 20, 1988. It is my understanding that Sun Exploration and Production Company has a drilling deadline of January 28, 1988.

We are sending a copy of this letter and the Application by certified mail to the owner of the uncommitted 25% working interest and to all offsetting and unleased mineral owners as required by Rule 1207(a)3.

Sincerely,


Karen Aubrey

KA/jo
enclosure

cc: Charles A. Gray, Esq.
Texaco, Inc.
BHP Petroleum Corporation, Inc.
Estoril Producing Corporation
Mesa Operating Limited Partnership
Sequoia Associates Limited
Exxon Company USA

51.68

41.68

DEC 29 1987

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

IN THE MATTER OF THE APPLICATION
OF SUN EXPLORATION AND PRODUCTION
COMPANY FOR COMPLUSORY POOLING
AND NON-STANDARD PRORATION UNIT,
LEA COUNTY, NEW MEXICO

CASE NO. 9296

APPLICATION

COMES NOW, Sun Exploration and Production Company and applies to the Oil Conservation Division of the State of New Mexico for an order pooling all mineral interests from the surface to the base of the Lower Strawn member of the Penn formation (Northeast Lovington Penn Pool), Lea County, New Mexico underlying Lots 13 and 14, Section 6, Township 16 South, Range 37 East, Lea County, New Mexico for the formation of a non-standard proration and spacing unit consisting of 91.65 acres and in support thereof would show the Division:

1. Applicant is the owner of the the right to drill and develop Lots 13 and 14 of Section 6, Township 16 South, Range 37 East, Lea County, New Mexico.

2. Applicant proposes to drill a well at a standard location in the Northeast Lovington Penn Pool and to dedicate Lots 13 and 14 of said Section to the well.

3. Applicant sought to obtain the cooperation and voluntary participation of all parties.

4. In order to obtain its just and equitable share of production underlying the above lands, Applicant needs an order pooling the mineral interests involved.

5. Those who have not consented to join in the drilling of the well, with their addresses, to the best of Applicant's knowledge and belief, are as follows:

Texaco, Inc.
Post Office Box 3109
Midland, Texas 79702

The foregoing interest totals 25% working interest.

6. Applicant proposes to form a non-standard proration unit consisting of 91.65 acres to be dedicated to said well. Said non-standard proration unit will consist of Lot 13 (51.65 acres) and Lot 14 (40 acres) and is due to a variation in the legal subdivision of the United States Public Land Survey. Those operators or owners of undrilled tracts entitled to notice under N.M.O.C.D. Rule 1207(a)3 are:

Texaco, Inc.
Post Office Box 3109
Midland, Texas 79702

BHP Petroleum Corporation, Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705-5510

Estroil Producing Corporation
400 West Illinois, Suite 1600
Midland, Texas 79701

Mesa Operating Limited Partnership
One Mesa Square
Amarillo, Texas 79189

Sequoia Associates Limited
c/o Bechtel Investments, Inc.
5400 Westheimer Court
Houston, Texas 77056

Exxon Company USA
Post Office Box 1600
Midland, Texas 79702-1600

WHEREFORE, Applicant requests that this matter be set for hearing on January 20, 1988, before the Division's duly appointed examiner, and that, after notice and hearing, the Division enter its order pooling the above interests and approving the non-standard proration unit described above. Applicant further prays that it be named operator of said well, that the order make provision for Applicant to recover, out of production, its costs of drilling the subject well, completing and equipping it, for all costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling of the

well and for such other and further relief as may be appropriate.

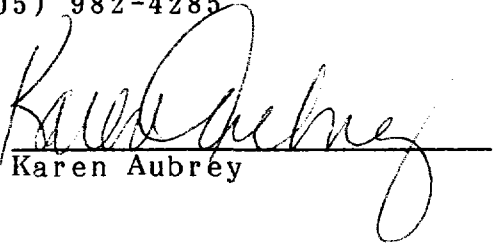
Respectfully submitted,

Sun Exploration & Production
Company

By:

KELLAHIN, KELLAHIN & AUBREY
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

By


Karen Aubrey

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing Application to be mailed to the following operators or owners of undrilled tracts:

Texaco, Inc.
Post Office Box 3109
Midland, Texas 79702

BHP Petroleum Corporation, Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705-5510

Estroil Producing Corporation
400 West Illinois, Suite 1600
Midland, Texas 79701

Mesa Operating Limited Partnership
One Mesa Square
Amarillo, Texas 79189

Sequoia Associates Limited
c/o Bechtel Investments, Inc.
5400 Westheimer Court
Houston, Texas 77056

Exxon Company USA
Post Office Box 1600
Midland, Texas 79702-1600

by certified mail, return receipt requested on this
29th day of December, 1987.

