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January 14, 1988

HAND DELIVERED

Mr. William J. LeMay
Director
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

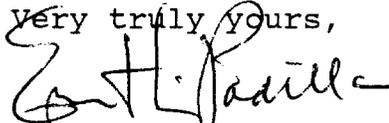
Case 9305

Dear Mr. LeMay:

Enclosed, in triplicate, is the Application of New Mexico & Arizona Land Company for compulsory pooling in the NW/4 of Section 25, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.

We request that this hearing be set for February 3, 1988.

Thank you for your assistance.

Very truly yours,

Ernest L. Padilla

ELP:njp

Enclosure as stated

cc: Al Kendrick w/enclosures
New Mexico & Arizona Land Co.
w/enclosures

BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

RECEIVED

JAN 14 1988

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF NEW MEXICO AND ARIZONA LAND
COMPANY FOR COMPULSORY POOLING,
RIO ARRIBA COUNTY, NEW MEXICO.

NO. 9305

APPLICATION

Applicant, New Mexico and Arizona Land Company, by and through its undersigned attorneys, and in support of this Application alleges and states as follows:

1. That applicant is operator and owner within the meaning of Section 70-2-17(c), N.M.S.A., 1978 Compilation, and as such seeks to force pool all of the oil and gas mineral interests within the Gallup and Dakota Formations of the West Lindrith Gallup Dakota Pool underlying the NW/4 of Section 25, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, (said lands and formations).

2. That applicant proposes to drill a well (well) at a standard location on said lands to a depth sufficient to test all potential oil and gas bearing within said lands and formations.

3. That the applicant will dedicate said lands to the well and desires to be designated as the operator.

4. That there are working interest owners in the proposed proration unit who have not consented to drill the well.

5. That any nonconsenting 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 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

6. That applicant should be authorized to withhold from production a reasonable supervision charge, attributable to each nonconsenting working interest owner's proportionate share, during the drilling and production stages of the well.

7. That to avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in the proposed proration unit the opportunity to recover or receive without unnecessary expense its just and fair share of the hydrocarbons in the unit, said lands should be pooled as proposed herein.

WHEREFORE, applicant respectfully requests:

1. That this application be set for hearing before an examiner of the Division at the next available Division hearing and that notice of said hearing be given as required by law.

2. That upon hearing, the Division enter its order pooling all oil and gas mineral interests within said lands and formations.

3. And for such other relief as the Division may deem appropriate in the premises.

PADILLA & SNYDER

By: 
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Attorneys for Applicant