

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

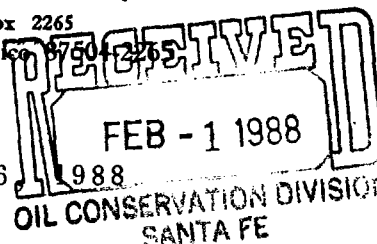
Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel



January 26, 1988

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

*Case 9310*

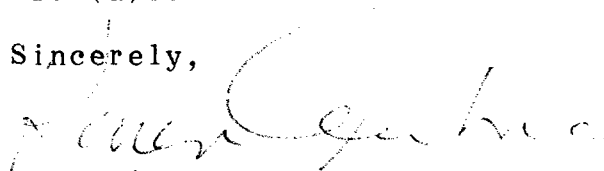
Re: Sun Exploration & Production Company

Dear Mr. LeMay:

Enclosed is an Application for Compulsory Pooling which we are filing on behalf of Sun Exploration and Production Company. Please set this matter for hearing on Februray 17, 1988.

We are sending a copy of this letter and the Application by certified mail to the owner of the uncommitted 15% working interest as required by Rule 1207(a)3.

Sincerely,

  
Karen Aubrey

KA/jo

enclosure

cc: William McAlpin, Jr.,  
Santa Fe Exploration Company  
Mike Morgenthaler,  
Sun Exploration & Production Company

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

RECEIVED

JAN 23 1961

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF SUN EXPLORATION AND PRODUCTION  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 9310

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 13,700 feet or the base of the Morrow formation, whichever is deeper, underlying the N/2 of Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico for the formation of a proration and spacing unit for said production and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the N/2 of Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

2. Applicant proposes to drill a well at a standard location in the Morrow formation and to dedicate the N/2 of said Section to the Well.

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

4. In order to obtain its just and equitable share of the production underlying the above lands, 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:

William McAlpin, Jr.  
Santa Fe Exploration Company  
2200 West Mescalero Road  
Post Office Box 1136  
Roswell, New Mexico 88202

The foregoing interest totals 15.00 percent working interest.

6. The party named in paragraph 5 above has been furnished a copy of this Application in accordance with NMOCC Rule 1207.

WHEREFORE, Applicant prays that this matter be set for hearing on February 17, 1988 before the Division's duly appointed Examiner, and that, after notice and hearing, the Division enter its order pooling the interests described herein. Non-consenting working interest owners are hereby notified of their right to attend the hearing and to present evidence in support of or in opposition to this Application. 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, all costs of operation, including costs of supervision and a risk factor in the amount of two hundred percent (200%) for the drilling of the Well and for such other and further relief as may be appropriate.

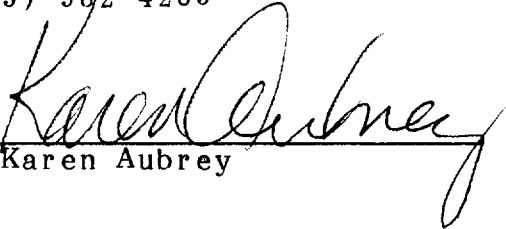
Respectfully submitted,

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:

William McAlpin, Jr.  
Santa Fe Exploration Company  
2200 West Mescalero Road  
Post Office Box 1136  
Roswell, New Mexico 88202

by certified mail, return receipt requested on this 26th day of January, 1988.

Karen Aubrey

COMMUNITIZATION AGREEMENT

CONTRACT NO. \_\_\_\_\_

THIS AGREEMENT entered into as of the 1st day of January, 1988, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto".

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal Oil and Gas Lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this Agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this Agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this Agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this Agreement (hereinafter referred to as "communitized area") are described as follows:

Township 18 South, Range 33 East, NMPM  
Section 26: N/2

Lea County, New Mexico

Containing 320 acres, more or less, and this Agreement shall include only the Wolfcamp, Atoka, Strawn and Morrow Formations, underlying said land, and the dry gas associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such Formations.

This Agreement shall apply separately to the Wolfcamp, Atoka, Strawn and Morrow Formations in the same manner as though a separate Agreement for each Formation had been entered into.

2. Attached hereto, and made a part of this Agreement for all purposes is Exhibit B, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the

authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this Agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Area Oil and Gas Supervisor.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the lease-



holds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this Agreement.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this Agreement shall not be affected by this Agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this Agreement shall remain in full force and effect as originally made and issued.

It is agreed that for any Federal Lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed and separately as to any non-communitized lease production; provided, however, as to leases where the rate of royalty

for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same Formation as covered by this Agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this Agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. This Agreement shall be effective as of the 1st day of January, 1988, and upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in full force and effect as to the Wolfcamp, Atoka, Strawn and Morrow Formations, individually, for a period of two (2) years and so long thereafter as communitized substances are or can be produced in paying quantities from communitized Formations or Formation; provided, that prior to production in paying quantities from the communitized area and

upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production, if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two-year term of this Agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this Agreement terminates and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.
13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties have signed the same document.
15. Non-Discrimination: In connection with the performance of work under this Agreement, the

operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319) as amended, which are hereby incorporated by reference in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written and have set opposite their respective names, the date of execution.

RECORD TITLE HOLDERS

SANTA FE EXPLORATION COMPANY

By William A. McAlpine, Jr.  
President

ENRON OIL AND GAS COMPANY  
(formerly HNG Oil Company)

By \_\_\_\_\_

APPROVED AND AGREED TO by the following owners of leasehold  
operating rights:

SUN OPERATING LIMITED PARTNERSHIP

By \_\_\_\_\_

TENNECO OIL COMPANY

By \_\_\_\_\_

SANTA FE EXPLORATION COMPANY

By William A. McAlpine, Jr.  
William A. McAlpine, Jr.  
President

STATE OF TEXAS )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1988, by \_\_\_\_\_  
\_\_\_\_\_ on behalf of SUN OPERATING LIMITED  
PARTNERSHIP, a partnership.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_

STATE OF TEXAS )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

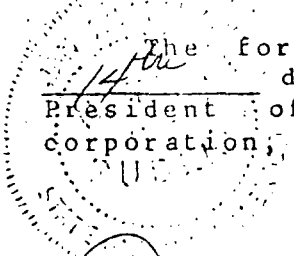
The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1988, by \_\_\_\_\_  
\_\_\_\_\_ of TENNECO  
OIL COMPANY, a \_\_\_\_\_ corporation, on behalf of said  
corporation.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
14<sup>th</sup> day of January, 1988, by William A. McAlpine, Jr.,  
President of SANTA FE EXPLORATION COMPANY, a New Mexico  
corporation, on behalf of said corporation.

  
Paul J. Ramirez  
Notary Public

My commission expires:  
Jan 19 1990



EXHIBIT A

Plat of communitized area covering N/2,  
Section 26, Township 18 South, Range 33 East,  
NMPM, Corbin field, Lea  
County, New Mexico.

T. 18 S. R. 33 E.

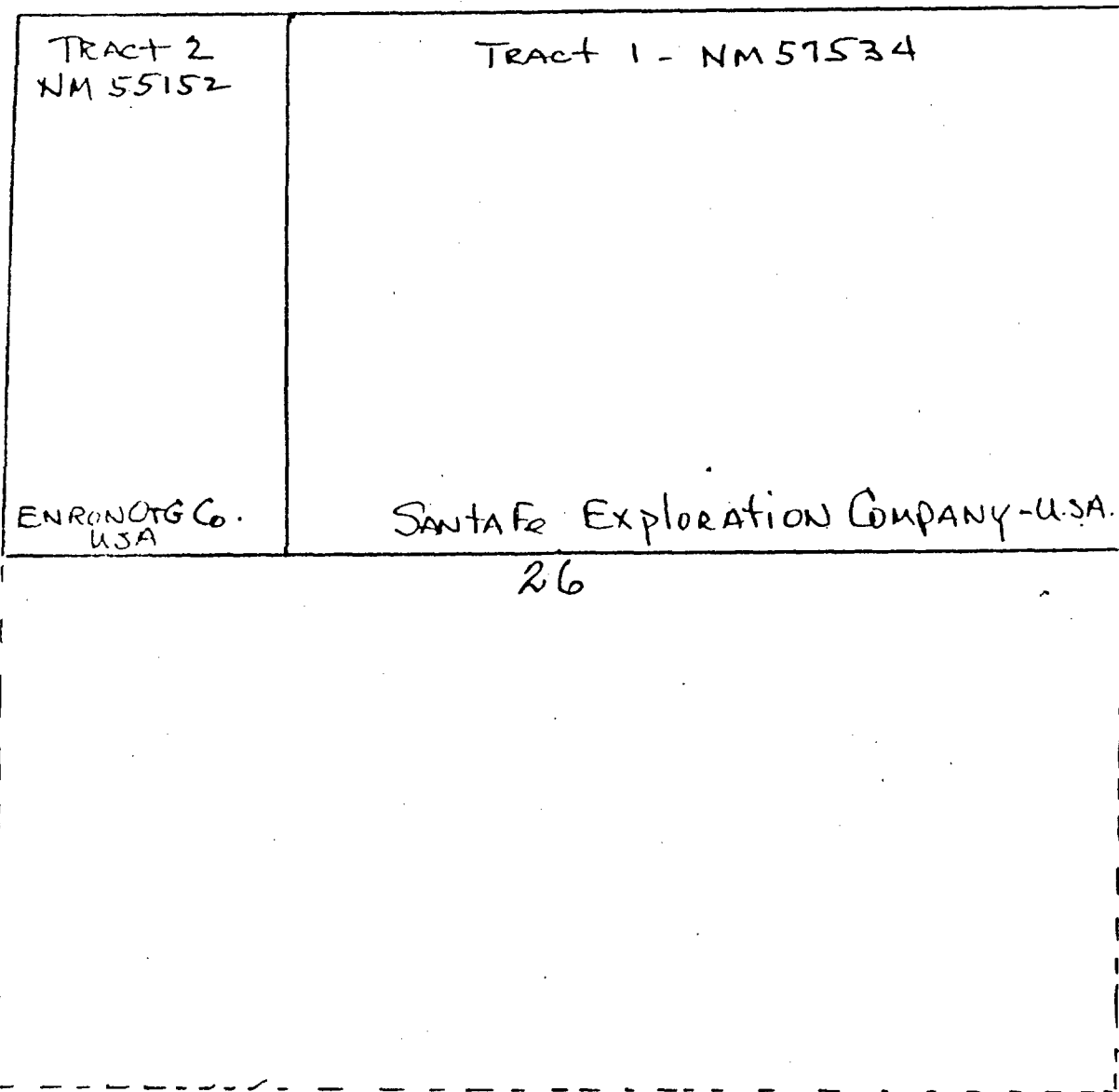


EXHIBIT B

To Communitization Agreement dated JANUARY 1, 1988

embracing Township 18 South, Range 33 East, NMPM  
Section 26: N/2

Lea County, New Mexico

Operator of Communitized Area: SUN OPERATING LIMITED PARTNERSHIP

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial No.: NM 57534

Lease Date: April 1, 1984

Lease Term: 10 years

Lessor: United States of America

Original Lessee: Glenn E. McMurray

Present Lessee: Santa Fe Exploration Company

Description of Land Committed:

Township 18 South, Range 33 East, NMPM

Section 26 : NE/4, E/2NW/4

Number of Acres: 240.00

Royalty Rate: 12.5%

Name and Percent ORRI Owners: McWill, Inc. 6.0%  
Santa Fe Expl. Co. 1.5%

Name and Percent WI Owners: Santa Fe Expl. Co. 20%  
(100 feet below Queen Sand) Sun Operating Ltd Partnership 45%  
Tenneco Oil Company 35%

Tract No. 2

Lease Serial No.: NM 55152  
Lease Date: April 1, 1983  
Lease Term: 5 ~~X8~~ years  
Lessor(s): United States of America  
Original Lessee: HNG Oil Company  
Present Lessee: Enron Oil and Gas Company

Description of Land Committed:

Township 18 South , Range 33 East , NMPM

Section 26 : W/2NW/4

Number of Acres: 80.00

Royalty Rate: 12 1/2 percent (sliding scale up to 25%)

Name and  
Percent ORRI Owners: None

Name and  
Percent WI Owners: Enron Oil and Gas Company 100%

R E C A P I T U L A T I O N

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	<u>240.00</u>	<u>75.00%</u>
2	<u>80.00</u>	<u>25.00%</u>
Total	<u>320.00</u>	<u>100.00%</u>

RATIFICATION OF AGREEMENT ENTITLED  
COMMUNITIZATION AGREEMENT

Township 18 South, Range 33 East, NMPM  
Section 26: N/2  
Lea County, New Mexico

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain Agreement dated January 1, 1988, entitled "Communitization Agreement", which said Agreement defines communitized substances as being dry gas and associated liquid hydrocarbons producible from the Wolfcamp, Atoka, Strawn or Morrow Formations, which said Agreement is hereinafter referred to as Communitization Agreement; and

WHEREAS, Exhibits A and B attached hereto and made a part of said Communitization Agreement identifying the separately owned tracts which may become a part of the communitized area as constituted; and

WHEREAS, each of the undersigned represents that the undersigned is an overriding royalty interest owner as defined in said Communitization Agreement in one or more of the tracts identified by said Exhibits; and

WHEREAS, each undersigned overriding royalty interest owner, being familiar with the contents thereof, desires to ratify and confirm said Communitization Agreement;

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest under N/2 of Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, and as to the communitized substances defined in said Communitization Agreement, does hereby ratify and confirm said Communitization Agreement in all respects as to all of the undersigned's interest in the separately owned tracts identified in the Exhibits above described, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite the undersigned's signature.

Santa Fe Exploration Company

By

William A. McAlpine, Jr.  
President

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss

The foregoing instrument was acknowledged before me this 14th day of January, 1988, by William A. McAlpine, Jr., President of Santa Fe Exploration Company, a New Mexico corporation, on behalf of said corporation.

[Signature]  
Notary Public

My commission expires:

Jan 19, 1990

AUTHORITY FOR EXPENDITURE - DRILLING 5011 364

SUN <input type="checkbox"/> 100% CO-OP <input type="checkbox"/> OBO <input type="checkbox"/> CO-OP	ORIGINATING LOCATION Sun Exploration & Production Co. Sun Tower Bldg., Suite 600 Midland, TX 79705	POL CONTROL EST. AMOUNT		OIL	GAS	AFE NUMBER DATE 3/3/87	
		WATER	AIR	X	DATE		
AMOUNT REQUESTED	EXPENDITURE REQUESTED <input type="checkbox"/> YES YEAR _____ <input type="checkbox"/> NO <input type="checkbox"/> PARTIALLY	COMPLETE FOR OBO APPROPRIATIONS ONLY OPERATOR'S NAME					AFE NUMBER 2-2772
EST. COMPLETION DATE	PROPERTY ID NUMBER	PROPERTY NAME Unnamed Morrow	WELL NO.	TOTAL DEPTH 13,700'			

PROSPECT NAME Corbin	PROSPECT ID NUMBER 4468	CLASSIFICATION NFW
FIELD Wildcat	MUNICIPALITY/PARISH/COUNTY Lea	PROVINCE/STATE New Mexico

OIL     GAS     PLANT LIQUID    AFE COMPLETED

SUMMARY    DBI    CBI    II    SIGNED *Danny Bell for WAO*    DATE 3-3-87

NON DRILLING PROJECT DESCRIPTION  
 Funds requested to drill and complete a 13,700' Morrow gas test.

NOTICE TO NON-OPERATORS: All figures on this AFE are estimates only; approval of this authorization shall extend to the actual costs as specified in the operating agreement.

	100% COSTS		TANGIBLE	
	PRODUCER	DRY HOLE	PRODUCER	DRY HOLE
40 LOCATION	15	15	PIPE 13-3/8" (400')	10
41 RIG MOVE			PIPE 9-5/8" (5300')	101
42 FOOTAGE \$20/ft.	274	274	PIPE 5-1/2" (13,700')	136
43 DAY WORK 8 days	32	32	PIPE 2-7/8" (13,500')	75
44 BITS AND RMRS	1		PIPE	
45 FUEL			PIPE	
46 WATER	18	18	PIPE	
47 MUD AND CHEM	50	50	WELLHEAD	30
48 CMT AND CMTG SER	60	31	OTHER	25
49 DIRECTIONAL SER				
50 RENTALS	30	20		
51 MUD LOGGING	16	16		
52 DST AND TSTG EQPT				
53 CORING				
54 LOGS-WLT-SWC	35	32		
55 CSG/TBG TOOLS AND SER	25	7		
56 COMPLETION RIG	15			
57 PERFORATING	10			
58 STIMULATION	15			
59 SUPERVISION	28	22		
60 TRANSPORTATION	15	7		
61 MISC/CONTINGENCY	32	26		
62 SUPERVISION				
	TOTAL INTANGIBLE \$ 671	\$ 550	TOTAL TANGIBLE \$ 377	\$ 130
			TOTAL DRILLING COST \$ 1048	\$ 680

JOINT OWNER APPROVAL  
 NAME *Sun Exploration Co.*  
 BY *Wm. R. McAlister*  
 DATE *1/14/88*

APPROVED BY <i>Richard Standaert</i>	DATE 8/2/87	JOINT OWNER(S) APPROVAL OBTAINED
-----------------------------------------	----------------	-------------------------------------

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

February 23, 1988

RECEIVED

FEB 23 1988

OIL CONSERVATION DIVISION

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

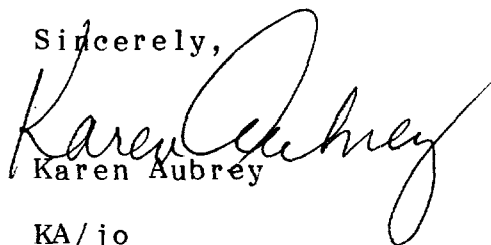
Re: Sun Exploration & Production Company  
Case No. 9310

Dear Mr. LeMay:

Enclosed is an Application filed by Sun Exploration and Production Company amending its application in Case 9310. Sun requests that this matter be set for hearing on the regular examiner docket on March 16, 1988.

By copy of this letter, we are notifying all non-consenting working interest owners of Sun's Application and their right to appear and present evidence in support of or opposition to the Application. The non-consenting working interest owners are being notified by mail.

Sincerely,



Karen Aubrey

KA/jo

enclosure

cc: Mike Morgenthaler,  
Sun Exploration & Production Company  
Santa Fe Exploration Company

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

RECEIVED

FEB 23 1981

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF SUN EXPLORATION AND PRODUCTION  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 9310

**AMENDED 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 Strawn (40 acres), the Wolfcamp (40 acres), the Bone Spring (80 acres), the Atoka (320 acres) and the Morrow (320 acres) formations, to a maximum depth of 13,700 feet or the base of the Morrow formation, whichever is deeper, underlying the SE/4/NW/4, S/2NW/4 and the N/2 of Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico for the formation of proration and spacing units for said production and in support thereof would show the Division:

1. Applicant is the owner of the right to drill and develop the SE/4/NW/4, the S/2NW/4 and the N/2 of Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

2. Applicant proposes to drill a well at a standard location in the N/2 of Section 26 and proposes to dedicate the SE/4NW/4 to said well in the event that said well is productive in the Strawn or Wolfcamp formations, the S/2 of the NW/4 to the well in the event the well is productive in the Bone Spring formation and/or the N/2 of Section 26 to the well in the event the well is productive in the Atoka or Morrow formations.

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

4. In order to obtain its just and equitable share of the 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:

William McAlpin, Jr.  
Santa Fe Exploration Company  
2200 West Mescalero Road  
Post Office Box 1136  
Roswell, New Mexico 88202

Because of the existance of an area of mutual interest agreement between the above parties and Sun



Exploration and Production Company, the working interests of the uncommitted working interest owner will change depending upon its election under the area of mutual interest agreement. Those interests are as follows:

	<u>ELECTION</u>	<u>NO ELECTION</u>
Santa Fe Exploration	320 acres = 15.75%	15%
	80 acres = 11.50%	10%
	40 acres = 20%	20%

6. The party named in paragraph 5 above has been furnished a copy of this Application in accordance with NMOCC Rule 1207.

WHEREFORE, Applicant prays that this matter be set for hearing on March 16, 1988 before the Division's duly appointed Examiner, and that, after notice and hearing, the Division enter its order pooling the working interests described herein.

Non-consenting working interest owners are hereby notified of their right to attend the hearing and to present evidence in support of or in opposition to this Application. 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, all costs of operation, including costs of supervision and a risk factor in the amount of two hundred percent (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

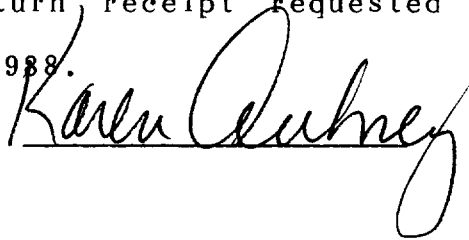
**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing Application to be mailed to:

William McAlpin, Jr.  
Santa Fe Exploration Company  
2200 West Mescalero Road  
Post Office Box 1136  
Roswell, New Mexico 88202

by certified mail, return receipt requested on this

23 day of February, 1988.

  
Karen Aubrey