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\*NOT LICENSED IN NEW MEXICO

June 27, 1988

*Case 9434*

RECEIVED

JUN 27 1988

OIL CONSERVATION DIVISION

Florene Davidson  
New Mexico Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

HAND DELIVERED

Dear Florene:

Enclosed are an original and two (2) copies of an Application by Inexco Oil Company for compulsory pooling. Please set this case for the July 20, 1988 Examiner hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

*James Bruce*  
James Bruce

JB:jr  
Enclosure

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF INEXCO OIL COMPANY,  
A WHOLLY OWNED SUBSIDIARY OF THE  
LOUISIANA LAND AND EXPLORATION  
COMPANY, FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 9434

RECEIVED

JUN 24 1964

APPLICATION  
OIL CONSERVATION DIVISION

Inexco Oil Company, a wholly owned subsidiary of The Louisiana Land and Exploration Company, hereby makes application for an order pooling all interests from the surface to the base of the Strawn formation in the W $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 35, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the W $\frac{1}{2}$ SE $\frac{1}{4}$  of said Section 35.

2. Applicant proposes to drill its Shipp No. 1 Well at a location 1850 feet from the East line and 600 feet from the South line of Section 35, to a depth sufficient to test the Strawn formation, and seeks to dedicate the following described acreage to the well:

- (a) The W $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 35 to form an 80 acre spacing and proration unit for any and all formations or pools within the vertical limits of the well developed on 80 acre spacing; and
- (b) The SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 35 to form a 40 acre spacing and proration unit for any and all formations or pools within the vertical limits of the well developed on 40 acre spacing.

3. Applicant has in good faith sought to join all other mineral interest owners in the W $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 35 for the purposes set forth herein.


4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral interest owners underlying the W $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 35, as set forth above, pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

5. Applicant requests the Division to consider the cost of drilling and completing the well, and the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a 200% penalty for the risk involved in drilling the well.

6. The pooling of all interests underlying the W $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 35, as requested above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the July 20, 1988 Examiner hearing.

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By   
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