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January 12, 1990

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State of New Mexico
Energy, Minerals and Natural Resources Department
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501-2088

Attn: William J. LeMay, Director

Re: Application for Compulsory Pooling
Hixon Development Company
San Juan County, New Mexico

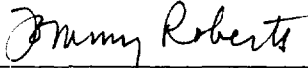
Gentlemen:

Please consider this letter the formal application of Hixon Development Company for an Order of the New Mexico Oil Conservation Division force-pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 7, Township 25 North, Range 12 West, N.M.P.M., San Juan County, New Mexico, forming a standard 317.28 acre coal gas spacing and proration unit for said pool, to be dedicated to its Bisti Coal 7 No. 1 Well to be drilled at a standard coal gas well location 2375 feet from the South line and 1520 feet from the West line (Unit K) of said Section 7. Hixon Development Company requests that such Order designate Hixon Development Company as the operator of the proposed well and that it provide for the recovery by Hixon Development Company and other joining parties of the costs of drilling, completing, equipping and operating the proposed well, together with a reasonable charge for risk involved in drilling the well. In addition, Hixon Development Company requests that such Order establish a reasonable charge for the supervision of the well during the drilling and production stages.

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Please place this application on the February 7, 1990 Docket of the New Mexico Oil Conservation Division. Please advise should you require any additional information.

Sincerely,

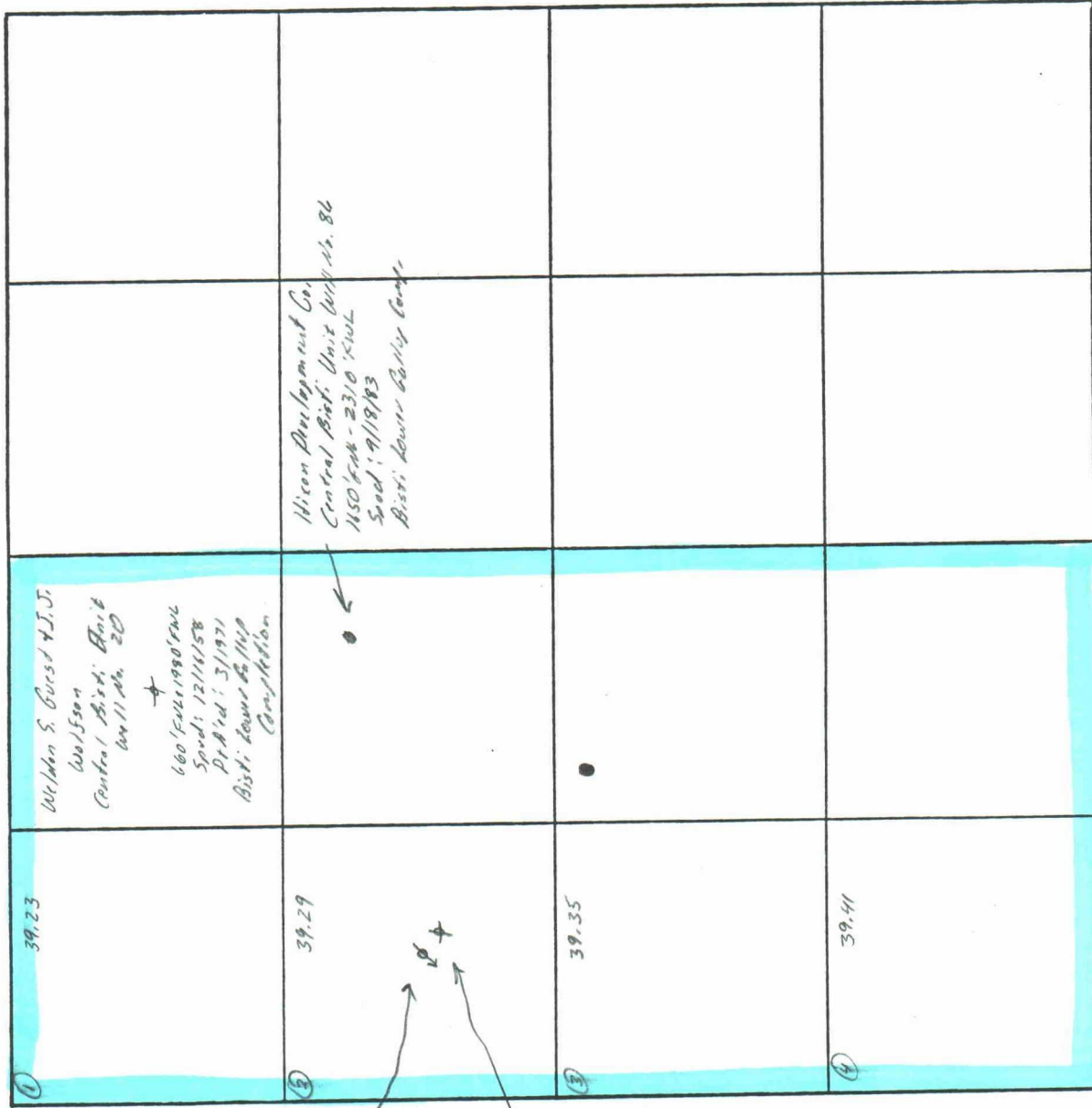


TOMMY ROBERTS
Attorney for
Hixon Development Company

TR:nk

xc: Supervisor, District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Hixon Development Company



Hicon Development Co.
Central Bird's Unit
11/1/80
1980' x 660' x 660' x 660'
Said: 6/1/15
Bird's lower Valley Camp.

Hicon Development Co.
Federal Office No. 1
1982' x 660' x 708' x 660'
Said: 5/19/85
Picked: Aug. 1977
Measurements Test

SECTION 7

TOWNSHIP 25 North

RANGE

12 West