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January 3, 1990

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HAND DELIVERED

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

RECEIVED

JAN " 3 1990

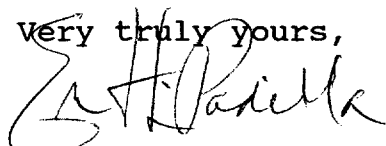
Re: Force Pooling Application
Amoco Red Bluff Federal #3
Section 28-26S-29E
Eddy County, New Mexico

OIL CONSERVATION DIV.
SANTA FE

Dear Mr. LeMay:

Enclosed please find, in triplicate, Mallon Oil Company's Application for Compulsory Pooling for its Amoco Red Bluff Federal #3.

Very truly yours,



Ernest L. Padilla

ELP:pmc
Enclosure as stated
cc w/encl: Mallon Oil Company

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BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

JAN 3 1990

IN THE MATTER OF THE APPLICATION)
OF MALLON OIL COMPANY COMPULSORY)
POOLING, EDDY COUNTY, NEW MEXICO)
_____)

OIL CONSERVATION DIV.
SANTA FE
CASE NO. 98617

APPLICATION

COMES NOW, MALLON OIL COMPANY, by and through its attorneys, Padilla & Snyder, Attorneys At Law, and in support hereof, respectfully states:

1. Applicant has the right to drill its Amoco Red Bluff Federal #3 Well to test all formations and zones constituting the Delaware Mountain Group as an oil well, which is to be located at a standard location in the NW/4NE/4, Section 28, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

2. The applicant has dedicated the NW/4NE/4 of said section to this well, and there are interest owners in the proration unit who have not agreed to pool their interests.

3. Applicant should be designated the operator of the well and the proration unit.

4. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit, the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil in said unit, all mineral interests, whatever they may be, in all formations and zones constituting the Delaware Mountain Group underlying the NW/4NE/4 of said Section 28 should be pooled.

5. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. Upon hearing, the Division enter its order pooling all mineral interest, whatever they may be, from all

formations and zones constituting the Delaware Mountain Group underlying the NW/4NE/4 of said Section 28, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, to form a 40-acre spacing unit dedicated to applicant's well.

C. And for such other relief as may be just in the premises.

MALLON OIL COMPANY

By: 

Ernest L. Padilla

PADILLA & SNYDER

P. O. Box 2523

Santa Fe, New Mexico 87504-2523

Attorneys for Applicant

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