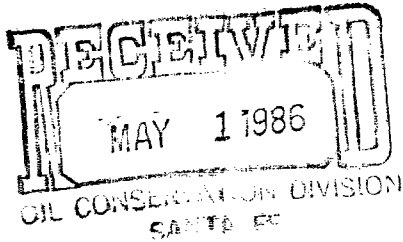


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April 29, 1986

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

M.S.
Case No. 8900

Attn: R. L. Stamets, Division Director

Re: Application for Compulsory Pooling
Mallon Oil Company
Johnson Fed #12-5 Well
Rio Arriba County, New Mexico

Gentlemen:

Mallon Oil Company hereby applies for an Order of the New Mexico Oil Conservation Commission pooling all mineral interests from the top of the Mancos formation to the base of the Dakota formation underlying the W/2 of Section 12, Township 25 North, Range 2 West, forming a standard 320 acre spacing and proration unit to be dedicated to its Johnson Federal No. 12-5 Well which has been drilled at a standard location thereon. Mallon Oil Company further requests that the Commission designate Mallon Oil Company as the operator of the well and that the Commission allocate the costs incurred in the drilling, completion and operation of the well, establish a reasonable charge for the supervision of the well and establish a reasonable charge associated with the risk involved in drilling the well.

This application was verbally conveyed to the Santa Fe office of the New Mexico Oil Conservation Division on April 28, 1986. I was advised, at that time, that this application would be placed on the May 20, 1986 docket of the New Mexico Oil Conservation Commission and that it would be heard on that date in Santa Fe, New Mexico.

State of New Mexico
Energy and Minerals Department
New Mexico Oil Conservation Division
April 29, 1986
Page Two

Please advise should you require any additional information.

Sincerely,



TOMMY ROBERTS
Attorney for Mallon Oil Company

TR:nk

xc: Mallon Oil Company
2850 Security Life Building
Denver, Colorado 80202

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