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July 18, 1989

HAND-DELIVERED

Case 9717
RECEIVED

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

JUL 18 1989

OIL CONSERVATION DIVISION

Re: Carracas 15-B-7

Dear Mr. LeMay:

Enclosed please find the original and one copy of an application by Nassau Resources for Compulsory Pooling, Rio Arriba County, New Mexico. Please set this application for hearing on the examiner docket on August 9, 1989.

The following is suggested as an advertisement:

Application of Nassau Resources for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Picture Cliffs formation or 3,270 feet underlying the E/2, Section 15, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre spacing unit to be dedicated to a well to be drilled on a standard location 1650 feet FNL and 1850 feet FEL of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 20 miles north of Gobernador, New Mexico.

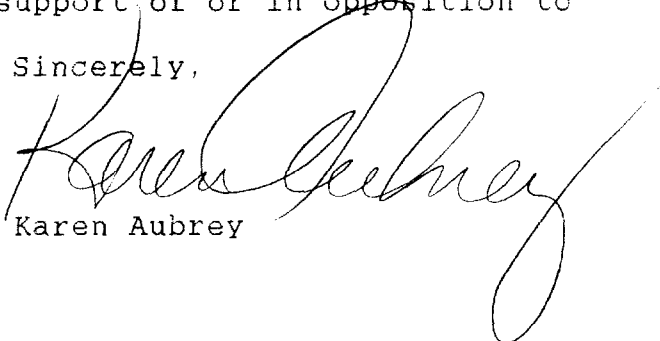
In accordance with N.M.O.C.C. Rule 1207, we are sending all working interest owners listed in this application a copy of this letter and a copy of the enclosed application,

KELLAHIN, KELLAHIN and AUBREY

Mr. William J. LeMay
Oil Conservation Division
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by certified mail, in order to notify them that they have
the opportunity to appear in support of or in opposition to
the enclosed application.

Sincerely,


Karen Aubrey

KA/rs
Encl.

cc: Kent Craig - Nassau Resources

"Certified Mail, Return-Receipt Requested":

Elizabeth Ann Troxell
611 Poplar
Farmington, NM 87401

Joe E. Martinez, Jr.
Post Office Box 1303
Pagosa Springs, CO 81147

Norma Marie Madird
Post Office Box 1293
Ferndale, WA 98248

Demietrio Martinez
c/o Joe E. Martinez, Jr.
Post Office Box 1303
Pagosa Springs, CO 81147

Lauralee Payne
1308 Gladeview Drive
Farmington, NM 87401

Sophia Martinez
Star Route, Box 33
Pagosa Springs, CO 81147

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

RECEIVED

IN THE MATTER OF THE APPLICATION
OF NASSAU RESOURCES FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

A P P L I C A T I O N

Case 9717

COMES NOW NASSAU RESOURCES, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and in accordance with Section 70-2-17(c) N.M.S.A. (1978 Comp.) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the top of the Picture Cliffs formation (Basin-Fruitland Coal) or 3270 feet, whichever is deeper, underlying the East Half, Section 15, T32N, R4W, N.M.P.M, Rio Arriba County, New Mexico. The above described acreage is to be dedicated to its Carracas 15-B-7 Well to be drilled at a standard location 1650 FNL and 1850 FEL to a depth of approximately 3270 feet. In support of this application, applicant would show:

1. Applicant has the right drill and develop the E/2 of Section 15, T32N, R4W, NMPM, Rio Arriba County, New Mexico.

2. Applicant desires to drill a well at a standard location in the SW/4NE/4 of said section.

3. Applicant has sought the voluntary agreement of the owners of the non-consenting working interests, for the formation of appropriate spacing and proration units, but has been unable to obtain voluntary agreement. The non-consenting working interest owners and their percentage interests are:

- | | |
|---|---|
| a. Elizabeth Ann Troxell
611 Poplar
Farmington, NM 87401
1.561% | d. Joe E. Martinez, Jr.
Post Office Box 1303
Pagosa Springs, CO 81147
1.561% |
| b. Norma Marie Madrid
Post Office Box 1293
Ferndale, WA 98248
1.561% | e. Demietrio Martinez
c/o Joe E. Martinez, Jr.
Post Office Box 1303
Pagosa Springs, CO 81147
1.561% |
| c. Lauralee Payne
1308 Gladeview Drive
Farmington, NM 87401
1.561% | f. Sophia Martinez
Star Route, Box 33
Pagosa Springs, CO 81147
1.561% |

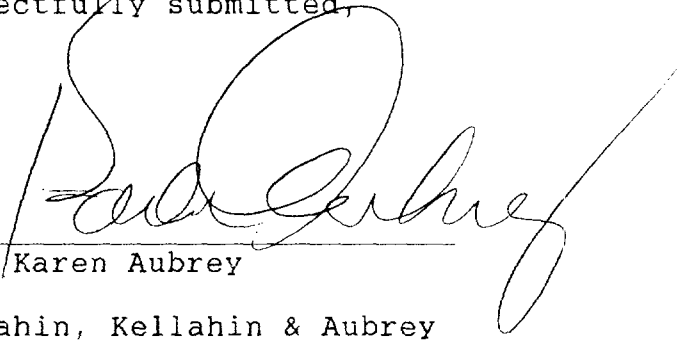
4. Pursuant to the Division's notice requirements, applicant has notified all working interest owners of this application for compulsory pooling and the applicant's request that this matter be set for hearing before the Division on August 9, 1989.

5. In order to obtain its just and equitable share of the hydrocarbons underlying the above tract(s), applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described herein. Applicant further prays that it be named operator of the well, and that the order make provision for applicant to recover, out of production, its cost of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, and for such other and further relief as may be proper.

Respectfully submitted,

By:


Karen Aubrey

Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285