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August 27, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

RECEIVED

AUG 27 1996

Oil Conservation Division

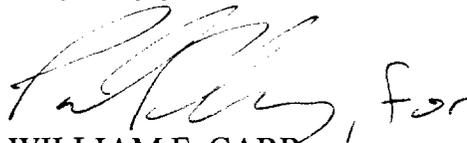
11614

Re: Application of InterCoast Oil and Gas Company for Approval of a Unit Agreement and Unorthodox Well Location, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of InterCoast Oil and Gas Company in the above-referenced case as well as a copy of the legal advertisement. InterCoast Oil and Gas Company respectfully requests that this matter be placed on the docket for the September 19, 1996 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Rick Deffenbaugh
InterCoast Oil and Gas Company

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF INTERCOAST OIL AND GAS COMPANY
FOR APPROVAL OF A UNIT AGREEMENT,
AND AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

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AUG 27 1996

Oil Conservation Division
CASE NO. 11614

APPLICATION

INTERCOAST OIL AND GAS COMPANY, through its undersigned attorneys,
hereby makes application for an order approving its McMillan Exploratory Unit Agreement
and in support of this application states:

1. That the proposed Unit Agreement consists of 160 acres, more or less, of fee
lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described
as follows:

Township 14 South, Range 38 East, N.M.P.M.

Section 34: W/2 NE/4, E/2 NW/4

2. The Unit Agreement has been approved by a sufficient percentage of the
interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, InterCoast Oil and Gas Company, is designated as Unit
Operator in said Unit Agreement and all oil and gas in the Devonian formation unitized.

4. The proposed Unit Area covers all, or substantially all, of the geological

structures or anomaly involved.

5. InterCoast proposed to drill its McMillan 34-2 Well as the initial test well on the unit at an unorthodox well location in the Devonian formation 1275 feet from the North line and 2600 feet from the East line (Unit B) of said Section 34.

6. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, InterCoast Oil and Gas Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 19, 1996, that notice be given as required by law and the rules of the Division, and that the McMillan Exploratory Unit Agreement be approved and InterCoast be authorized to drill its McMillan 34-2 Well at the requested unorthodox well location.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:  for
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR INTERCOAST
OIL AND GAS COMPANY