

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

JASON KELLAHIN
OF COUNSEL

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

August 19, 1991

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William J. LeMay
Director
Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, NM 87503

HAND DELIVERED AUG 20 1991

OIL CONSERVATION DIV.
SANTA FE


Case 10386

RE: In the Matter of the Application of McKay Oil
Corporation for Compulsory Pooling, Eddy County,
New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of McKay Corporation in the above-referenced case. McKay Oil Corporation respectfully requests that this matter be placed on the docket for the September 19, 1991 Examiner Hearings.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosures

cc w/enclosure: Mr. Jim Schultz
McKay Oil Corporation
P.O. Box 2014
Roswell, NM 88202

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OIL CONSERVATION DIV.
SANTA FE

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND
NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
MCKAY OIL CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO.

10386

APPLICATION

McKay Oil Corporation, through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. Section 70-2-17, (1978), for an order pooling all of the mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool in the N/2 of Section 25, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant owns or represents approximately 87.5% of the working interest in and under the N/2 of Section 25, and Applicant has the right to drill thereon.

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Oil

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2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at a standard location 660 feet from North and West lines of Section 25 within the N/2 of Section 25, to a depth of approximately 8,100 feet to test the South Dagger Draw-Upper Pennsylvanian Associated Pool.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the N/2 of said Section 25, except for the following who together own approximately 12.5% of the working interest:

Yates Petroleum Company
105 South Fourth Street
Artesia, NM 88210

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all interests in the N/2 of Section 25 should be pooled, and Applicant should be designated

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the operator of the well to be drilled.

WHEREFORE, Applicant prays that this Application be set for hearing before an Examiner of the Oil Conservation Division on September 19, 1991, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 

W. THOMAS KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504-2265
(505) 982-4285

ATTORNEYS FOR MCKAY OIL CORP.