

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MALLON OIL COMPANY  
FOR COMPULSORY POOLING AND AN  
UNORTHODOX WELL LOCATION, LEA  
COUNTY, NEW MEXICO.

CASE NO. 41202

APPLICATION

Mallon Oil Company hereby makes application for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N $\frac{1}{4}$  of Section 30, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and for an unorthodox well location, and in support thereof states:

1. Applicant is a working interest owner in the N $\frac{1}{4}$  of said Section 30, and has the right to drill a well thereon.

2. Applicant proposes to drill its Mescalero Ridge Unit 30 No. 4 Well at an unorthodox location 1330 feet from the North and East lines of Section 30, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to said well:

(a) The N $\frac{1}{4}$  of Section 30 for all pools or formations spaced on 320 acres, including the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Quail Ridge-Atoka Gas Pool;

(b) The NE $\frac{1}{4}$  of Section 30 for all pools or formations spaced on 160 acres, including the Undesignated Quail Ridge-Yates Gas Pool; and

(c) The SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 30 for all pools or formations spaced on 40 acres, including the Undesignated East Gem-Strawn Pool, the Undesignated Apache Ridge-Bone Spring

Pool, and the Undesignated Pearl-Queen Pool.

3. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the N½ of Section 30 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests to the well. Therefore, Applicant seeks an order pooling all mineral interest owners in the N½ of Section 30, pursuant to *N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pam.)*.

5. The pooling of all interests underlying the N½ of Section 30, as set forth above, and approving the unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. Applicant requests that this matter be heard at the January 9, 1997 Examiner hearing.

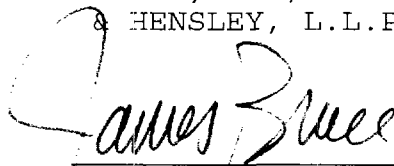
**WHEREFORE**, Applicant requests that, after hearing, the Division enter its order:

- (a) Designating Applicant as operator of the well;
- (b) Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- (c) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;

- (d) Setting a penalty for the risk involved in drilling the well in the event a working interest owner elects not to participate in the well;
- (e) Approving the unorthodox well location; and
- (f) Granting such other relief as the Division deems proper.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
(505) 982-4554

Attorneys for Mallon Oil Company

HINKLE, COX, EATON, COFFIELD & HENSLEY,  
L.L.P.

ATTORNEYS AT LAW

218 MONTEZUMA POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504-2068  
(505) 982-4554 FAX (505) 982-8623

LEWIS C. COX, JR. (1924-1993)  
CLARENCE E. HINKLE (1904-1985)

OF COUNSEL  
O. M. CALHOUN\* JOE W. WOOD  
RICHARD L. CAZZELL\* RAY W. RICHARDS\*

AUSTIN AFFILIATION  
HOFFMAN & STEPHENS, P.C.  
KENNETH R. HOFFMAN\*  
TOM D. STEPHENS\*  
RONALD C. SCHULTZ, JR.\*  
JOSE CANO\*

THOMAS E. HOOD\*  
REBECCA NICHOLS JOHNSON  
STANLEY K. KOTOVSKY, JR.

ELLEN S. CASEY  
MARGARET CARTER LUDEWIG  
S. BARRY PAISNER  
WYATT L. BROOKS\*  
DAVID M. RUSSELL\*  
ANDREW J. CLOUTIER  
STEPHANIE LANDRY  
KIRT E. MOELLING\*  
DIANE FISHER  
JULIE P. NEERKEN  
WILLIAM P. SLATTERY  
CHRISTOPHER M. MOODY  
JOHN D. PHILLIPS  
EARL R. NORRIS  
JAMES A. GILLESPIE  
MARGARET R. MCNETT

GARY W. LARSON  
LISA K. SMITH\*  
NORMAN D. EWART  
DARREN T. GROCE\*  
MOLLY MCINTOSH  
MARCIA B. LINCOLN  
SCOTT A. SHUART\*  
PAUL G. NASON  
AMY C. WRIGHT\*  
BRADLEY G. BISHOP\*  
KAROLYN KING NELSON  
ELLEN T. LOUDERBOUGH  
JAMES H. WOOD\*  
NANCY L. STRATTON  
TIMOTHY R. BROWN  
JAMES C. MARTIN  
KATHLEEN M. HALL

\*NOT LICENSED IN NEW MEXICO

December 17, 1996

Hand Delivered

Florene Davidson  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505


Dear Florene:

Enclosed are an original and two copies of an application for compulsory pooling and an unorthodox well location, together with a proposed advertisement, filed on behalf of Mallon Oil Company. This application concerns applicant's Mescalero Ridge Unit 30 No. 4 Well.

Please set this case for the January 9, 1997 Examiner hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

  
James Bruce

Attorneys for Mallon Oil  
Company