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May 18, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

12196

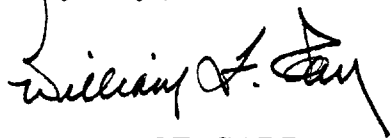
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Re: *Application of Shackelford Oil Company for Compulsory Pooling, Lea
County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Shackelford Oil Company in the above-referenced case as well as a copy of the legal advertisement. Shackelford Oil Company requests that this application be set for hearing before a Division Examiner on June 10, 1999.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Don Shackelford (w/enclosures)
Shackelford Oil Company
Post Office Box 10665
Midland, Texas 79702

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF SHACKELFORD OIL COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12196

OIL CONSERVATION DIV.
MAY 18 AM 8:25

APPLICATION

Shackelford Oil Company ("Shackelford"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in all formations from the surface to the base of the Delaware formation in the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Shackelford is a working interest owner in the SW/4 SE/4 of said Section 3 and has the right to drill thereon.
2. Shackelford proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at a standard location in the SW/4 SE/4 of said Section 3, to a depth sufficient to test any and all formations and/or pools from the surface to the base of the Delaware formation developed on 40-acre spacing which presently includes but is not necessarily limited to the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units identified on

Exhibit A to this application.

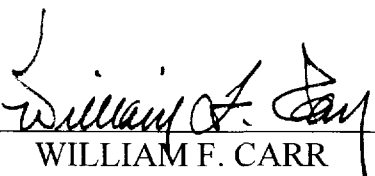
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Shackelford Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, Shackelford Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 10, 1999, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Shackelford 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 Shackelford in drilling, completing and equipping the well.

Respectfully submitted,

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

By: 

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

ATTORNEYS FOR SHACKELFORD
OIL COMPANY

EXHIBIT A

APPLICATION OF
SHACKELFORD OIL COMPANY
FOR COMPULSORY POOLING
SW/4 SE/4 OF SECTION 3, TOWNSHIP 20 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO

Samson Resources Company
2 West Second Street
Tulsa, Oklahoma 74103
Attention: Jay Miller

Merit Energy Partners
12222 Merit Drive
Dallas, Texas 75251-2217
Attention: Teresa Wyrick

E.G.L. Resources, Inc.
214 W. Texas, Suite 900
Midland, TX 79702
Attn: Wes Perry

Nearburg Exploration
3300 N. Big Spring
Bldg. 2, Suite 120
Midland, TX 79705
Attn: Duke Roush

CASE 12196 :

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, N.M.P.M. thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the 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. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

OL. CLERK RATION: DM.
59 MAY 18 AM 8:26