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EL PATIO BUILDING

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

October 23, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

RECEIVED

OCT 23 1992

OIL CONSERVATION DIVISION

HAND DELIVERED

Re: Application of Conoco Inc
for Compulsory Pooling
San Juan County, New Mexico
FC Federal Com #17 Well


10603

Dear Mr. LeMay:

On behalf of Conoco Inc., please find enclosed our application for compulsory pooling which we request be set for hearing on the next available Examiner's docket now scheduled for November 19, 1992.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosure

xc: Mr. Jerry Hoover (Conoco-Midland)

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

All parties listed on Exhibit "B" of the Application

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

RECEIVED

OCT 23 1992

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CONOCO, INC FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW MEXICO.

CASE NO.

10603

A P P L I C A T I O N

Comes now CONOCO, INC. ("Conoco"), by its attorneys, Kellahin and Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 17, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to Conoco's FC Federal Com #17 Well to be drilled and completed at a standard location within the NE/4 of said

Section 17. Applicant further proposes that it be designated the operator or in the alternative, Meridian Oil Inc. be designated the operator or the successor operator, as the case may be, and in support states:

1. Applicant, Conoco Inc., has a working interest ownership in the oil and gas minerals underlying the E/2 of Section 17, T30N, R8W, NMPM, San Juan County, New Mexico.

2. Applicant proposes that a well be drilled and located within a standard drilling window in the NE/4 of Section 17 to a depth sufficient to test the Basin Fruitland Coal Gas Pool, as identified on Exhibit A, attached.

3. The working interest ownership in the oil & gas minerals underlying the E/2 of Section 17 is believed by the applicant to be as described in Exhibit B as attached.

4. Conoco has proposed the subject well to all parties but, as of the date of this application, Conoco, Inc. has not be able to obtain a voluntary agreement from all those parties.

5. Pursuant to Section 70-2-17(c) NMSA (1978) and

in order to obtain its just and equitable share of potential production underlying this spacing unit, Conoco needs an order of the Division pooling the mineral interests involved in order to protect correlative rights and prevent waste.

6. Pursuant to the Division's notice requirements, Conoco has notified those parties identified in Exhibit B of this application for compulsory pooling and the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for November 19, 1992.

WHEREFORE, Conoco, as applicant, requests that this application be set for hearing on November 19, 1992 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 interest described in this spacing unit for the drilling of the subject well upon terms and conditions which include that:

(1) Conoco be named operator, with the option to substitute Meridian Oil Inc. as operator or to name Meridian Oil Inc. as successor operator;

(2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty to be determined by the Division;

(4) The adoption of COPAS accounting procedures to apply to this well and its spacing unit;

(5) The adoption of appropriate provisions set forth in the A.A.P.L. Form 610 Joint Operating Agreement-1982; and

(6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

KELLAHIN AND KELLAHIN,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the printed name and address.

W. THOMAS KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEYS FOR APPLICANT -
CONOCO, INC.

EXHIBIT "A"

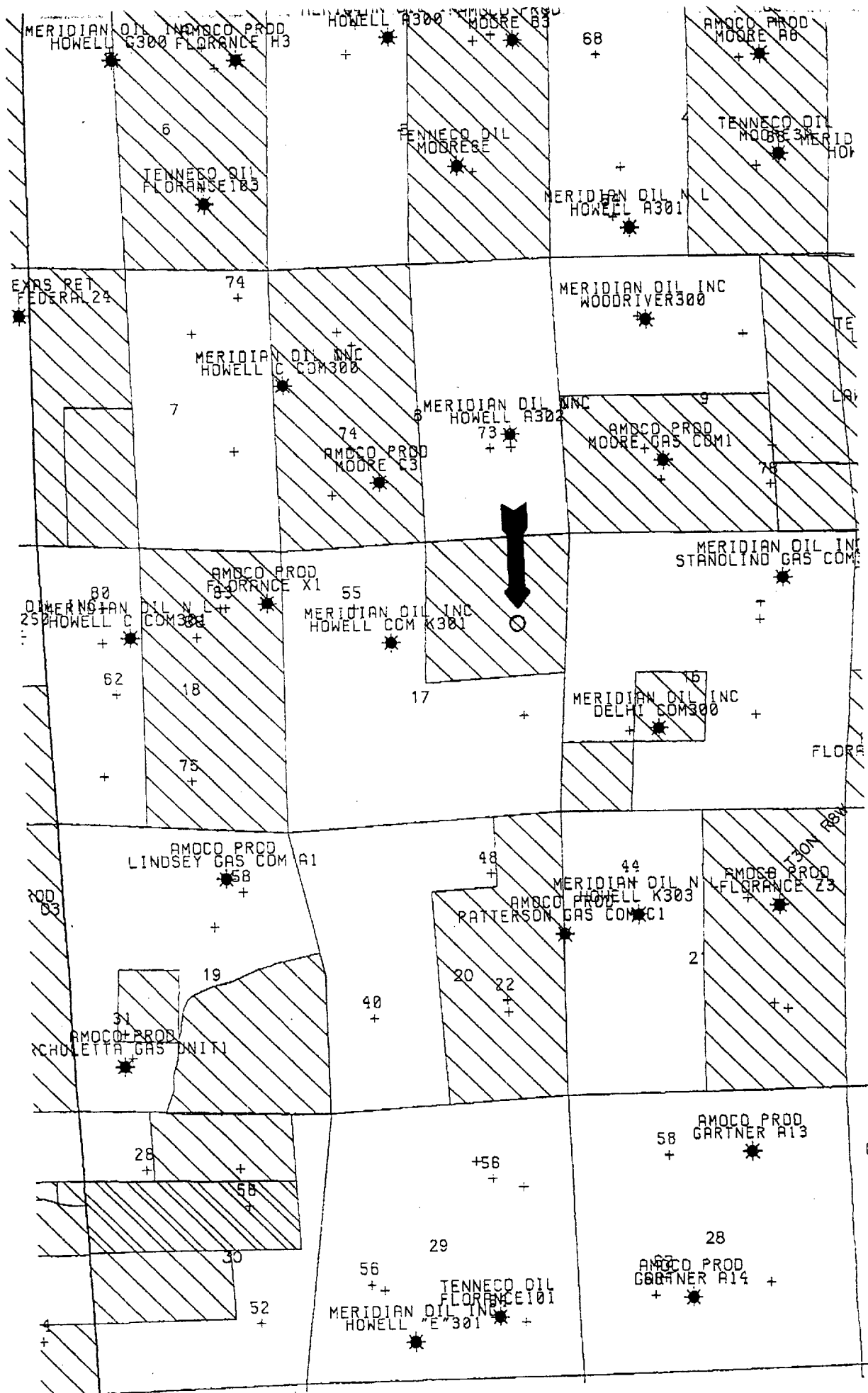


EXHIBIT "B"

OPERATOR

Conoco Inc.	25.00000%
Exploration & Production, N.A.	
Attn: Land Department	
10 Desta Drive, Suite 100W	
Midland, Texas 79705	

NON-OPERATORS

Amoco Production Company	25.00000%
Attn: Land Department	
P.O. Box 800	
Denver, Colorado 80201	

Meridian Oil Inc.	20.83335%
3535 East 30th Street	
P.O. Box 4289	
Farmington, New Mexico 87499 4289	

Unocal Corporation	18.75000%
1004 North Big Spring St.	
Midland, Texas 79701	

Oryx Energy Company	4.16665%
P.O. Box 2880	
Dallas, Texas 75221	

NCNB Texas National Bank, Fort	3.12500%
Worth, Trustee of the Eula May	
Johnston Trust #661	
P.O. Box 2546	
Fort Worth, Texas 76113-2546	

James J. Johnston	1.56250%
Eleven Greenway Plaza, Suite 2608	
Houston, Texas 77046-1105	

Orville Curtis Rogers, Veva Jean	0.78125%
Gibbard and Elaine Gibbard Allman,	
Trustees of the Rogers-Gibbard Trust	
dated January 1, 1970	
c/o Susan Rogers Eveland	
8608 Hidden Meadow Drive	
Fort Worth, Texas 76179	

Katherine Prewitt and Mary Frances	0.78125%
Chesser Co-Trustees of the V.A.	
Johnston Family Trust	
Box 925	
Rails, Texas 79357	