

December 31, 1985

*Case 8811*

Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: French Federal No. 1 Well  
Township 18 South, Range 32 East, NMPM  
Section 24: SW/4 SW/4  
Lea County, New Mexico

Gentlemen:

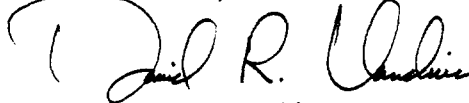
Enclosed for filing, please find three copies of the Application of TXO Production Corp. for Compulsory Pooling, Lea County, New Mexico.

We ask that this matter be set for hearing before an Examiner on January 22, 1986, and that we be furnished with a docket of said hearing.

Thank you.

Very truly yours,

DICKERSON, FISK & VANDIVER



David R. Vandiver

DRV:pvm  
Enclosures

cc w/enclosure: Mr. Jeff Bourgeois

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
TXO PRODUCTION CORP. FOR COMPULSORY :  
POOLING, LEA COUNTY, NEW MEXICO : CASE NO. 5511  
: \_\_\_\_\_ :  
:

APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of undivided interests in all formations from the surface through the base of the Bone Spring formation, underlying:

Township 18 South, Range 32 East, N.M.P.M.

Section 24: SW/4 SW/4

containing 40 acres, more or less,

and proposes to drill its French Federal No. 1 Well located at a point 660 feet from the south line and 660 feet from the west line of Section 24, to a depth sufficient to test the Bone Spring formation, at approximately 8,700 feet.

2. A standard 40-acre proration unit comprising the SW/4 SW/4 of said Section 24 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive.

3. Southland Royalty Company, 21 Desta Drive, Midland, Texas, 79705, owns an interest in the proration unit and has not agreed to pool its interest.

4. Applicant should be designated the operator of the well and the proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense, its just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, from the surface through the base of the Bone Spring formation underlying SW/4 SW/4 Section 24, Township 18 South, Range 32 East, N.M.P.M., should be pooled.

6. That any non-consenting working interest owner that does not pay its share of estimated well costs should have withheld from production its share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the surface through the base of the Bone Spring formation, underlying SW/4 SW/4 Section 24, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

C. And for such other and further relief as may be just in the premises.

TXO PRODUCTION CORP.

By:   
David R. Vandiver

DICKERSON, FISK & VANDIVER  
Seventh and Mahone, Suite E  
Artesia, New Mexico 88210  
(505) 746-9841

Attorneys for Applicant

January 11, 1986

Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: New Mexico Oil Conservation Division  
Case No. 8811  
French Federal No. 1 Well  
Township 18 South, Range 32 East, NMPM  
Section 24: SW/4 SW/4  
Lea County, New Mexico

Gentlemen:

In connection with the Application of TXO Production Corp. for Compulsory Pooling, Lea County, New Mexico, we enclose herewith an Affidavit of Mailing reflecting the mailing of a true copy of the Application to Southland Royalty Company.

Thank you.

Very truly yours,

DICKERSON, FISK & VANDIVER



David R. Vandiver

DRV:pvm  
Enclosure

cc w/enclosure: Mr. Jeff Bourgeois

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
TXO PRODUCTION CORP. FOR COMPULSORY :  
POOLING, LEA COUNTY, NEW MEXICO : CASE NO. 8811  
\_\_\_\_\_ :

AFFIDAVIT OF MAILING

STATE OF NEW MEXICO )  
  : ss.  
COUNTY OF EDDY )

The undersigned, being first duly sworn, upon oath, states that on the 11th day of January, 1986, the undersigned did mail in the United States Post Office at Artesia, New Mexico, a true copy of the Application of TXO Production Corp. for Compulsory Pooling, Lea County, New Mexico, in a securely sealed postage prepaid envelope, addressed to the attention of Mr. Dennis Sledge, Southland Royalty Company, 21 Desta Drive, Midland, Texas, 79705.

Patricia Ferguson  
Patricia Ferguson

SUBSCRIBED AND SWORN TO before me this 11<sup>th</sup> day of January, 1986, by Patricia Ferguson.

My commission expires:  
4-20-88

Pat Menzies  
Notary Public