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September 9, 1986

Case 9001

HAND DELIVERED

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of HNG Oil Company for Compulsory
Pooling, Eddy County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of HNG Oil Company
in the above-referenced case. HNG Oil Company respectfully
requests that this matter be placed on the docket for the
Examiner hearings scheduled on October 8, 1986.

Very truly yours,



WILLIAM F. CARR

WFC/ab
Encls.

cc w/encls.: Mr. Craig Duke
HNG Oil Company

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OIL CONSERVATION DIVISION

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF HNG OIL COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

Case 9001

Comes now, HNG OIL COMPANY, by and through its undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application for an order pooling all of the mineral interests in the Strawn and Atoka formations in and under the S/2 of Section 7, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents approximately 75% of the working interest in and under the S/2 of Section 7, and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an orthodox location 660 feet from the South line and 2,310 feet from the east line of said Section 7.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the S/2 of said Section 7, except for Texaco, Inc., owner of a 25% working interest in the S/2 of said Section 7.

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

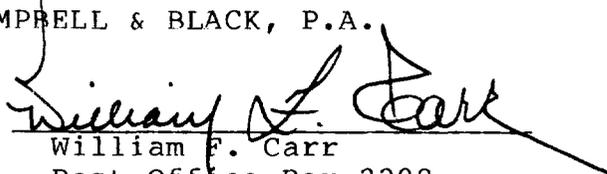
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on October 8, 1986, and that 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, approving the location of the well as proposed by Applicant, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
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ATTORNEYS FOR HNG OIL COMPANY