

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. _____
_____ :

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 down to the base of the Strawn
formation, underlying:

Township 16 South, Range 37 East, N.M.P.M.

Section 36: W/2 NE/4

containing 80 acres, more or less,
and proposes to drill a well, located at a point 1,980 feet from
the north line and 1,980 feet from the east line of said Section
36, to a depth sufficient to test the Strawn formation, at approx-
imately 12,000 feet.

2. Applicant anticipates completion of a Strawn oil
well. While the above described location is not presently within
the boundaries of an established Strawn Pool, Applicant intends
to seek development of Strawn production on 80-acre spacing if a
successful discovery is made. Title to all interests affected by
this Application is common throughout said W/2 NE/4.

3. There is an interest owner in the unit who has not agreed to pool its interest, and the name and address of such party is as follows:

Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80201

Attention: Jeannette G. Hansen

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 down to the base of the Strawn formation, underlying W/2 NE/4 Section 36, or such lesser portion thereof as may be dedicated to the spacing unit, Township 16 South, Range 37 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 down to the base of the Strawn formation, underlying W/2 NE/4 Section 36, Township 16 South, Range 37 East, N.M.P.M., or such lesser portion as may be productive of oil and gas and dedicated to Applicant's well.

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

TXO PRODUCTION CORP.

By: Chad Dickerson
Chad Dickerson

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

Attorneys for Applicant