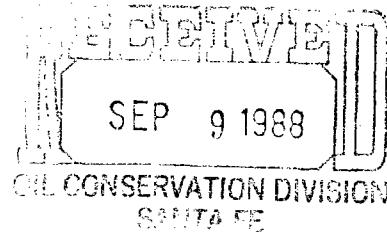


September 8, 1988



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

Case 9487

Re: Township 17 South, Range 38 East, NMPM
Section 2: W/2 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. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after inserting the docket number.

Please set this matter for hearing before an Examiner on September 28, 1988.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson

CD:kp
Enclosures

cc w/enclosure: Ms. Carol Sledge

BEFORE THE OIL CONSERVATION DIVISION

RECEIVED

OF THE STATE OF NEW MEXICO

SEP 9 1988

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR COMPULSORY :
POOLING, LEA COUNTY, NEW MEXICO :
:

OIL CONSERVATION DIVISION

CASE NO. 9487

APPLICATION

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

1. Applicant is the operator of all formations from
the surface through the Atoka formation, underlying:

Township 17 South, Range 38 East, N.M.P.M.

Section 2: W/2 SW/4

containing 80 acres, more or less,
and proposes to develop the acreage by drilling a well thereon.
This procedure is the subject of case 9470 pending before the
Division.

2. Under the statewide rule, applicant's well will be
drilled on the assumption of 40-acre oil well spacing, with SW/4
SW/4 dedicated to the well. If a discovery is made, applicant
anticipates that special pool rules may be requested providing
for 80-acre development, with W/2 SW/4 dedicated to the well.

3. The following interest owners in the proration unit
have not agreed to pool their interest:

Amerada Hess Corporation
1200 Milam, 6th Floor
Houston, Texas 77002
ATTENTION: HENRY HANSEN

Walter V. Lawrence
1026 Highland Dr.
Hobbs, New Mexico 88240

Emma G. Lawrence
1026 Highland Dr.
Hobbs, New Mexico 88240

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, his just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. 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 underlying W/2 SW/4 Section 2, Township 17 South, Range 38 East, N.M.P.M., and in all formations which may be developed on 40 or 80 acre spacing.

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

TXO PRODUCTION CORP.

By: 
Chad Dickerson

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

Attorneys for Applicant