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October 28, 1986

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OCT 28 1986

OIL CONSERVATION DIVISION

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

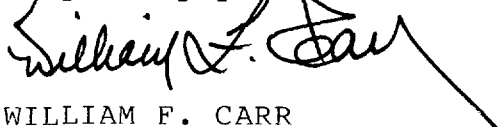
Case 9035

Re: Application of Mesa Grande Resources, Inc.
for Compulsory Pooling, Rio Arriba County,
New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Mesa Grande Resources, Inc. in the above-referenced case. Mesa Grande Resources, Inc. respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on November 19, 1986.

Very truly yours,


WILLIAM F. CARR

WFC/ab
Enclosures

cc w/encls: Kathy Michael
Mesa Grande Resources, Inc.

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
MESA GRANDE RESOURCES, INC. FOR
COMPULSORY POOLING, RIO ARRIBA
COUNTY, NEW MEXICO.

CASE 9035
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APPLICATION

OIL CONSERVATION DIVISION

COMES NOW, MESA GRANDE RESOURCES, INC., 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 Gallup formation (Gavilan-Mancos Pool) and the Dakota formation (Gavilan, Greenhorn-Graneros-Dakota Pool), in and under the E/2 of Section 20, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba 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 E/2 of said Section 20, 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 in said Section 20.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the E/2 of said Section 20, except for the following:

Jerome P. McHugh	9.375% WI
Dugan Production Corp.	3.125% WI
Kenai Oil and Gas Inc.	12.5% WI
Floyd Edwards	25% MI

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.

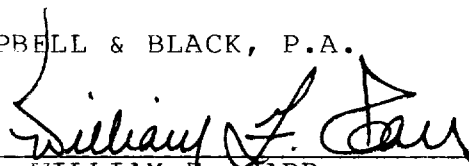
WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 19, 1986, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover 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 approved by Applicant, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By



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ATTORNEYS FOR MESA GRANDE
RESOURCES, INC.