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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION AUG 20 1987

OIL CONSERVATION DIVISION

APPLICATION OF MESA GRANDE, LTD.  
FOR COMPULSORY POOLING, RIO ARRIBA  
COUNTY, NEW MEXICO.

Case No. 9225

APPLICATION

Mesa Grande, Ltd. hereby makes application for an Order pooling all interests in the Gallup formation of the Gavilan-Mancos Oil Pool in Section 20, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant is a working interest owner in the E $\frac{1}{2}$  of Section 20, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico.

2. The Loddy No. 1 Well was drilled and completed by Jerome P. McHugh in July and August of 1985, and the W $\frac{1}{2}$  of Section 20 was dedicated to the well. The current operator of said well is Sun Exploration and Production Company.

3. The New Mexico Oil Conservation Commission issued Order No. R-7407-E, effective June 8, 1987, which provides for 640 acre spacing and proration units for the Gavilan-Mancos Oil Pool.

4. Applicant has in good faith sought to join in the well and to pay its proportionate share of actual well costs to the well operator.

5. Although Applicant has attempted to voluntarily commit its interest to the well, the well operator has refused to permit Applicant to pay its share of costs and participate in well production. Therefore, Applicant seeks an Order pooling all

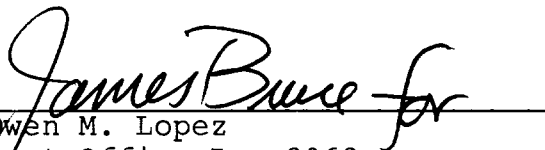
interests in the Gallup formation of the Gavilan-Mancos Oil Pool underlying all of Section 20, pursuant to N.M. Stat. Ann. §§ 70-2-17, 18 (1978), to be effective as of June 8, 1987.

6. Applicant asks that the Division consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and costs charged for supervision. Applicant requests that Sun Exploration and Production Company remain as operator of the well.

7. The pooling of all interests underlying Section 20 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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Dated: August 20, 1987

Attorneys for Applicant