STATE OF NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS OIL CONSERVATION DIVISION

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IN THE MATTER OF THE APPLICATION OF PENNZOIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

APPLICATION

Comes now PENNZOIL COMPANY, by and through their attorneys, Kellahin, Kellahin & Aubrey, and apply to the Oil Conservation Division of New Mexico for an order pooling all mineral interests in the Strawn and Atoka formations underlying the S/2 NW/4 of Section 14, T16S, R37E, Lea County, New Mexico for the formation of an 80acre spacing and proration unit for its **#1** Medlin well to be drilled at a standard location **1980'** FNL and **660'** FWL, and in support thereof would show the Division:

 Applicant is the owner of the right to drill and develop the S/2 NW/4 of Section 14, Tl6S, R37E, Lea County, New Mexico.

2. Applicant proposes to drill a well to test the Strawn-Atoka formations at a standard location to a total depth of approximately 12,200 feet.

3. Applicant has sought and obtained the participation of all parties with the exception of those individuals listed in Paragraph 4.

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4. Those who have not consented to join in the drilling of the well, with their addresses to the best of applicant's information and belief are listed in Exhibit "A" attached.

5. In order to obtain their just and equitable share of the production underlying the above lands, Applicant needs an order pooling the mineral interest involved.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described herein. Applicant further prays that it be named operator of the well, and that the order make provisions for applicant to recover out of production its costs of drilling the subject well, completing and equipping it, costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling of the well, for such other and further relief as may be proper.

Respectfully submitted,

PENNZOIL COMPANY By_

W. Thomas Kellahin, Esq. Kellahin, Kellahin & ubrey P. O. Box 2265 Santa Fe, NM 87504

Attorneys for Applicant -2-

EXHIBIT "A"

ADDRESS LIST #1 M. H. Medlin Lea County, New Mexico

Rio Pecos Corporation 110 West Louisiana Suite 460 Midland, Texas 79701 Attention: Mr. Scott Wilson	18.1771% Working Interest
Attention: Mr. Scott Wilson Inexco Oil Company c/o The Louisiana Land and Exploration Company 2950 North Loop West, Suite 1200 Houston, Texas 77092 Attention: Mr. Ken Steer	3.125% Working Interest
Terra Resources, Inc. 10 Desta Drive, Suite 500-West Midland, Texas 79705 Attention: Mr. Kevin T. Pfister	2.5145% Working Interest
Sabine Corporation LTV Center, Suite 1000 Lock Box #109 2001 Ross Avenue Dallas, Texas 75201-2993 Attention: Mr. Bobby Floyd	2.0833% Unleased Mineral Interest
Lynn Melton Medlin and Billy Medlin, Personal Representatives of the Estate of Buddy Melton Medlin, Deceased c/o Billy Medlin P. O. Box 50 Maljamar, New Mexico 88264	4.1667% Unleased Mineral Interest
Mrs. Minnie Taylor Hope, New Mexico 88250	6.25% Unleased Mineral Interest
Mr. Lynn R. Brown 5702 Woodlawn Avenue North Seattle, Washington 98103	.1157% Unleased Mineral Interest
The Heirs or Devisees of Alice G. Brown Huntington, Deceased c/o Lee Huntington 12651 High Bluff Drive #200 San Diego, California 92130	.1157% Unleased Mineral Interest

Exhibit "A" Continued: Address List #1 M. H. Medlin Page 2 Ida Louise Brown McDonald 3210 Pauls Drive Wheaton, Maryland 20902 Brady M. Lowe 308 Comet Austin, Texas 78734 Pauline B. Lowe 308 Comet Austin, Texas 78734 Odell L. Lowe 1500 Broadway; Suite 1230 Lubbock, Texas 79401 Nell P. Lowe 1500 Broadway; Suite 1230 Lubbock, Texas 79401 Kay Lowe Hughes c/o Odell L. Lowe 1500 Broadway; Suite 1230 Lubbock, Texas 79401 Vivian Lowe Anselmi c/o Odell L. Lowe 1500 Broadway; Suite 1230 Lubbock, Texas 79401 Debra Lowe Finn c/o Odell L. Lowe 1500 Broadway; Suite 1230 Lubbock, Texas 79401 M. Dion Lowe 2306 Cypress Point West Austin, Texas 78746 Larry K. Lowe 2313 Broadway Lubbock, Texas 79401 Shana Lowe Conine 405 Oak Forrest Circle Waco, Texas 76710 Loretta D. Lowe 407 Arch Bluff San Antonio, Texas 78216

.1157% Unleased Mineral Interest .0226% Unleased Mineral Interest .0123% Unleased Mineral Interest .0357% Unleased Mineral Interest .0123% Unleased Mineral Interest .1314% Unleased Mineral Interest .1314% Unleased Mineral Interest .1054% Unleased Mineral interest .1054% Unleased Mineral Interest .2228% Unleased Mineral Interest .2162% Unleased Mineral Interest .2228% Unleased Mineral Interest

Exhibit "A" Continued: Address List #1 M. H. Medlin Page 3 Ronny P. Lowe 6400 Coors Rd. N. W. Albuquerque, New Mexico 87120 Denise Lowe 3424 61st Street Lubbock, Texas 79413 Clodette Maner, as Guardian of the Estate of Haley Lowe 3424 61st Street Lubbock, Texas 79413 Kay Salem, as Guardian of Kelly Lowe 4513 13th Street Lubbock, Texas 79416 Kay Salem, as Guardian of Lauren Lowe 4513 13th Street Lubbock, Texas 79416 Coy S. Lowe 3301 42nd Street Lubbock, Texas 79413

.1314% Unleased Mineral Interest

.0698% Unleased Mineral Interest

.0488% Unleased Mineral Interest

.0488% Unleased Mineral Interest

.0488% Unleased Mineral Interest

.0862% Unleased Mineral Interest