NMOCD Case No. 13085 **October 2, 2003** EGL/Landreth Exhibit No. 13

Robert E. Landreth OIL AND GAS EXPLORATION

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July 31, 2003

VIA FACSIMILE: 713-609-5609 Mr. Don Adams Amerada Hess Corporation P.O. Box 2040 Houston, Texas 77252-2040

Re: Bell Lake Federal Unit North Bell Lake Devonian Pool T23S-R34E Lea County, New Mexico

Dear Don:

I respectfully request Amerada Hess's (AHC) consideration of and support for an Application filed by EGL Resources, Inc. of Midland and myself with the New Mexico Oil Conservation Commission for a hearing to establish 640 acre spacing for the Devonian reservoir across Sections 4 and 5, T23S-R34E, Lea County, N.M. Notice of this hearing was previously furnished to AHC. The 640 acre spacing would be a continuation of the existing 640 acre spacing currently governing the North Bell Lake Devonian Gas pool comprising Sections 6, 7 and 18, T23S-R34E.

Back in 1997-98, when there  $\overline{w}$  as considerable drilling activity in the captioned area and in the Gaucho Unit for the Morrow pay, I provided David Collier, AHC's engineer for this area, with a considerable amount of reservoir data and analysis based on our company's participation in several offset wells. You will recall that at the time, AHC was making decisions as to whether to participate in various wells proposed by Santa Fe Energy Company. A copy of a letter to Mr. Collier setting out some of this information is attached.

EGL Resources, Inc. of Midland, as operator, and myself are currently drilling below 12,000' on a reentry of the Rio Blanco 4 Fed Com #1 in the NW/4 of Section 4, T23S, R34E. Our objective is to test the Devonian at approximately 14,500'. We are seeking a 640 acre spacing unit for this well, based on the precedent established by the NMOCD in this immediate area for both the North Bell Lake Devonian Gas Pool and the Antelope Ridge Devonian Gas Pool which is centered in Section 33, T23S-R34E. In hearings held to establish pool rules for these fields, the OCD determined that one Devonian well was capable of draining 640 acres.

Our re-entry well directly offsets the Bell Lake Federal Unit, where AHC operates two wells, in Sections 5 and 6, which were drilled to the Ellenburger in 1995 and 1996, respectively. In the course of drilling these wells, AHC drill stem tested the upper portion of the Devonian reservoir. Both AHC wells encountered the top of the Devonian within ten feet subsea of the Devonian top in Conoco's Bell Lake Unit Well No. 6 in Section 6, as shown on the attached Devonian structure map. Despite their high structural position, both wells recovered large volumes of Devonian formation water from DST's in intervals correlative to those which originally flowed gas in the Conoco well and which

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were part of the completion interval in that well. Additionally, AHC recorded bottom hole pressures in both wells which were 400 psi lower than the original BHP in the Conoco well, indicating some modest depletion of pressure in what is otherwise a very active water drive reservoir. The Conoco well was completed water-free in 1961 from a 251 foot perforated interval in the upper Devonian and had produced 30 BCF of gas by the time Amerada drilled its first well in 1995. In that year the Conoco well averaged 1,000 mcfpd and approximately 400 bwpd.

It is our opinion that the large recovery of gas from the Conoco well depleted virtually all of the gas underlying both Amerada Hess wells, which are located 0.6 and 0.7 mile from the Conoco well. It also resulted in the original gas-water contact rising to virtually the top of the Devonian from its original location 265 feet below the top of the structure. Accordingly, it is obvious that a single Devonian well is capable of draining at least 640 acres, and probably significantly more.

We have a hearing scheduled with the NMOCC on August 14, 2003 to establish 640 acre spacing for our Section 4. We have also asked the NMOCD for a hearing to expand the pool boundary for North Bell Lake Devonian Gas Pool into Section 5, where Amerada Hess operates, as well as Section 4, based on the testing done in the Devonian in Amerada's wells.

It would be helpful to us if Amerada Hess, as operator and affected party in Section 5, would indicate its support of our request for 640 acre spacing with the NMOCD/OCC. Such spacing will prevent the drilling of expensive (\$3.5 million completed) and unnecessary wells which will most certainly occur if smaller spacing were adopted. Please indicate such support by signing and returning a copy of this letter to us as soon as possible. Your consideration in this regard is appreciated.

Sincerely,

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Robert E. Landreth

REL/tk Hard Copy via mail with attachments

Amerada Hess Corporation believes, based on its review of wells in the Bell Lake North Devonian gas pool, that one Devonian well is capable of draining 640 acres or more, and supports the Application of EGL Resources, Inc. and Robert E. Landreth for 640 acre spacing for the Devonian reservoir in Sections 4 and 5, T23S-R34E, Lea County, New Mexico.

Amerada Hess Corporation

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