

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF APPROACH OPERATING LLC FOR A  
NON-STANDARD OIL SPACING AND  
PRORATION UNIT, RIO ARRIBA COUNTY,  
NEW MEXICO.**

CASE NO. 14522

**APPLICATION**

APPROACH OPERATING LLC, (“Approach”) by and through its attorneys, Montgomery and Andrews, P.A. (J. Scott Hall, Esq.), hereby makes application pursuant to *inter alia* Rule 19.15.15.11 NMAC of the Division’s Rules and Regulations for an order approving the formation of a non-standard oil well spacing and proration unit comprised of 31.7 ± acres located in the NW/4 SW/4 of projected Section 21, T28N, R4E in Rio Arriba County, New Mexico. In support, Applicant states:

1. Applicant is the operator of the following well:

Avella Sultemeier No. 2  
API No. 30-39-30857  
1662’ FSL and 6’ FWL (L)  
Projected Section 21, T28N, R4E  
Rio Arriba County, New Mexico

RECEIVED OGD  
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Applicant proposes to drill this straight-hole well to a depth sufficient to test the Mancos Shale formation within the boundaries of the WC Tierra Amarilla Mancos Oil Pool (97767). The well is defined as a wildcat under the Division’s rules.

2. The proposed 31.7± acre non-standard spacing and proration unit to be dedicated to the referenced well is located within the NW/SW of projected Section 21. The NW/4 SW/4 of Section 21 is located in an un-surveyed area within the Tierra Amarilla land grant. The section/township/range description of the well location is based on unofficial, projected township

and section lines from an adjoining survey and therefore, it is not possible to state the proximity to actual section lines or quarter-quarter subdivisions boundaries with certainty. However, the location descriptions by latitude/longitude and by reference to the New Mexico State Plane Coordinate System referenced on the C-102 for the well are accurate.

3. The statewide oil well location and acreage dedication rules that would otherwise be applicable to the WC Tierra Amarilla Mancos Oil Pool (97767) provide that oil wells shall be located on a spacing unit “...*consisting of approximately 40 contiguous surface acres, substantially in the form of a square that is a legal subdivision of the United States public land survey and is a governmental quarter-quarter section or lot.*”. See Rule 19.15.15.9.A. Rule 19.15.15.11 B(1) authorizes approval of non-standard units when necessitated by “*a variation in the legal subdivision of the United States public land surveys...*” In this circumstance, the variation in this circumstance results from the application of the *projected* survey.

4. The size of the proposed unit, 31.7 acres  $\pm$ , does not exceed the permissible 70% deviation from a standard 40-acre unit and therefore qualifies for approval under Rule 19.15.15.11B of the Divisions rules.

5. Designation of the non-standard unit will permit future development patterns in the surrounding projected units to remain consistent with the projected section subdivision boundaries. Approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 5, 2010, and that after

notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

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