



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

January 10, 1997

Thompson Engineering & Production Corporation  
c/o Walsh Engineering & Production Corporation  
2415 East Main  
Farmington, New Mexico 87402

Attention: Paul C. Thompson, P.E.  
President

Case 11728

**RE:** Administrative application for an unorthodox "off-pattern" coal gas well location within the Basin-Fruitland Coal (Gas) Pool for the proposed Steward Com Well No. 1 (API No. 30-045-29429), to be drilled 790 feet from the South and East lines (Unit P) of Section 28, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico.

Dear Mr. Thompson:

The subject application was filed with the Division on December 26, 1996. On January 10, 1997 (15 days from the receipt date) an objection by Texakoma Oil & Gas Corporation (see copy attached) was received. The subject application is hereby denied and is being returned to you at this time, further the Aztec District Office of the Division shall postpone action on this well's "Application for Permit to Drill"/Form C-101.

Should Thompson Engineering & Production Corporation wish to pursue this matter further, an application before a duly appointed hearing examiner may be filed with the Division.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Aztec  
Texakoma Oil & Gas Corporation, Attention: David R. Williams - Dallas, Texas  
William J. LeMay - OCD Director, Santa Fe  
Rand Carroll, General Counsel - OCD, Santa Fe  
Kathy Valdes - OCD, Santa Fe

NSP 11/15/97



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

December 23, 1996

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87504-2088

Re: Non-Standard Spacing Unit  
Thompson Engineering  
Steward Com #1  
790' FSL, 790' FEL  
Section 28, T32N R13W  
San Juan County, NM  
Basin Fruitland Coal

Dear Mr. LeMay,

This is a request for administrative approval for a Non-Standard Spacing Location in the Basin Fruitland Coal pool for the referenced well. This request is necessitated for geologic reasons.

As indicated on the attached structure map (Exhibit 1), the Fruitland coal raises dramatically to the north and west, and actually outcrops in the western half of this section. A Fruitland Coal completion in a standard location in the northeast quarter would be too close to the outcrop and not, in our opinion, result in an economic well.

The east half of Section 28 is dedicated to this well. Exhibit 2 is a well location plat. Attached is a plat indicating the offset Fruitland Coal operators and existing Fruitland Coal wells (Exhibit 3) and a list of offset operators and their addresses (Exhibit 4).

The offset Fruitland Coal operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed as Exhibit 5.



Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in cursive script, reading "Paul C. Thompson", followed by a horizontal line.

Paul C. Thompson, P.E.  
President, Thompson Engineering

cc: Chris Coleman  
NMOCD Aztec NM  
BLM Farmington NM

[illegible]

EXHIBIT #1

Approximate outcrop of Fruitland

Structure on Base of Coal  
CI = 100

3500  
3600  
3700  
3800  
3900  
4000  
4100  
4200  
4300  
4400  
4500

EXHIBIT #1

Approximate outcrop of Fruitland

Structure on Base of Coal  
CI = 100

3500  
3600  
3700  
3800  
3900  
4000  
4100  
4200  
4300  
4400  
4500

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-8719  
District III  
1008 N. Main Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |   |           |                      |
|---------------|---|-----------|----------------------|
| API Number    |   | Pool Code | Pool Name            |
|               |   | 71629     | Basin Fruitland Coal |
| Property Code | Property Name                                 |           | Well Number          |
|               | Steward Com                                   |           | 1                    |
| OGRID No.     | Operator Name                                 |           | Elevation            |
| 037581        | THOMPSON ENGINEERING & PRODUCTION CORPORATION |           | 5983'                |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 28      | 32N      | 13W   |         | 790           | South            | 790           | East           | S.J.   |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                    |                    |                       |              |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
| 320                | N                  | C                     | Pending      |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|   |  |  |
|---|--|--|
| <p>16</p> <p>2634.06'</p> <p>2634.72'</p> <p>2715.24'</p> <p>2534.40'</p> <p>2568.72'</p> <p>2659.14'</p> <p>28</p> <p>790'</p> <p>5306.40'</p> | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Paul C. Thompson</i></p> <p>Signature</p> <p>Paul C. Thompson</p> <p>Printed Name</p> <p>President</p> <p>Title</p> <p>12/17/96</p> <p>Date</p>   |  |
|   | <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>10/11/96</p> <p>Date of Survey</p> <p><i>NEHE C. EDWARDS</i></p> <p>Signature and Seal of Professional Surveyor</p> <p>8857</p> <p>6857</p> <p>Certificate Number</p> |  |

EXHIBIT #3

|    |                                      |   |
|----|--------------------------------------|---|
| 20 | 21                                   | 22  |
| 29 | 28<br>●<br>THOMPSON<br>TEXAKOMA<br>△ | 27<br>MEAD 1-27 △<br>F. MONTOYA<br>27-1 △<br>HALLWOOD<br>HALLWOOD |
| 32 | 33<br>△ 33-1                         | 34<br>ROBINSON BROS. 1M<br>△                                      |

T32N

R13W

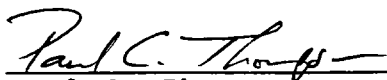
Thompson Engineering & Production Corp.  
**Steward Com #1**  
790' FSL, 790' FEL  
Section 28, T32N R13W  
San Juan County, New Mexico

The following offset operators have received written notice of the proposed Non- Standard location application.

Texakoma Oil and Gas Corporation  
5400 LBJ Freeway, Suite 500  
Dallas, TX 75240-6236

Hallwood Energy Company  
463 Turner Dr., Unit 101  
Durango, CO 81301


I certify that this letter has been mailed to the above property owners.

  
\_\_\_\_\_  
Paul C. Thompson

San Juan County            )  
                                  ) ss  
State of New Mexico        )

The following instrument was acknowledged before me this 23 rd day of December, 1996 by Paul C. Thompson.

  
\_\_\_\_\_  
Notary Public

  
My Commission Expires:  
July 31, 1997

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892CERTIFIED RETURN RECEIPT

December 23, 1996

Mr. David Williams  
Texakoma Oil and Gas Corporation  
5400 LBJ Freeway, Suite 500  
Dallas, TX 75240-6236

Re: Non-Standard Spacing Unit  
Thompson Engineering  
Steward Com #1  
790' FSL, 790' FEL  
Section 28, T32N R13W  
San Juan County, NM  
Basin Fruitland Coal

Dear Mr. Williams,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.  
President, Walsh Enginggring



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892~~CERTIFIED RETURN RECEIPT~~

December 23, 1996

Mr. Jim Bonaventura  
Hallwood Energy Company  
463 Turner Dr., Unit 101  
Durango, CO 81301

Re: Non-Standard Spacing Unit  
Thompson Engineering  
Steward Com #1  
790' FSL, 790' FEL  
Section 28, T32N R13W  
San Juan County, NM  
Basin Fruitland Coal

Dear Mr. Bonaventura,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.  
President, Walsh Enginggring

# TEXAKOMA OIL & GAS CORPORATION

ONE LINCOLN CENTRE  
5400 LBJ Freeway, Suite 500  
Dallas, Texas 75240  
(214) 701-9106

## EXPLORATION AND PRODUCTION

January 6, 1997

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87504-2088

Re: Non-Standard Spacing Unit  
Thompson Engineering  
Steward Com #1  
790' FSL, 790' FEL  
Section 28, T32N R13W  
San Juan County, NM  
Basin Fruitland Coal

RECEIVED  
JAN 10 1997  
OIL CONSERVATION DIVISION

Dear Mr. LeMay,

This letter is written in response to a letter we received from Walsh Engineering & Production Corporation dated 12-23-96 ( but not received until 01-02-97 by registered mail). In the subject letter, they requested administrative approval for a Non-Standard Spacing Location in the Basin Fruitland Coal pool for the above referenced well. They stated that the request was necessitated for geologic reasons.

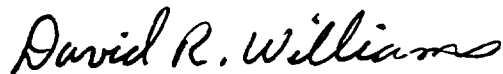
We are strongly opposed to the approval for this Non-Standard Location for the following reasons. First and foremost the location is only 1580 feet away from our existing La Plata 33-2 well. If this well, were drilled at the requested location, it would in effect be a 57 acre offset to our existing well, which was drilled at a Standard Location ( See Table I ). We believe that a well at this location would significantly reduce the reserves produced by our La Plata 33-2 well. The current debate within the industry, as I am sure you are aware of, is whether to allow a second well on each 320 acre unit ( effectively reducing spacing to 160 acres - 2640 feet between wells).

In addition we do not believe a geologic necessity exists to warrant the approval of this Non-Standard Location. In Mr. Thompson's letter to your office he stated, " A Fruitland Coal completion in a standard location in the northeast quarter would be to close to the outcrop and not, in our opinion result in an economic well." Exhibit I, is a copy of a USGS topographic map, showing both the proposed Non-Standard Location and an alternate legal location in the northeast quarter. Exhibit II, is a copy of our (Texakoma Oil & Gas) structure map on the base of the Fruitland Coal. At the Non-Standard Location we would expect the depth to the base of the

Fruitland Coal to be approximately 1975 feet and the distance from the outcrop to be approximately 3980 feet. At the alternate Standard Location, we would expect the depth to the base of the Fruitland Coal to be approximately 1480' and the distance from the outcrop to be approximately 2980'. Several economic wells have been drilled in Colorado that are shallower than 1480 feet to the base of the Fruitland Coal and closer than 2980 feet from outcrop. As a matter of fact Texakoma Oil & Gas La Plata 5-1 well, located approximately 1 1/2 miles southwest of this proposed location, is only approximately 2520 feet from the outcrop. We believe the La Plata 5-1, when dewatering has occurred, will be a very good well, based upon an excellent micro-log ( indicating good permeability) and on current production of 20 MCFPD and 60 to 80 BWPD.

We therefore, request that this Non-Standard Location not be approved.

Sincerely,

A handwritten signature in black ink that reads "David R. Williams". The script is cursive and fluid, with a long, sweeping tail on the final 's'.

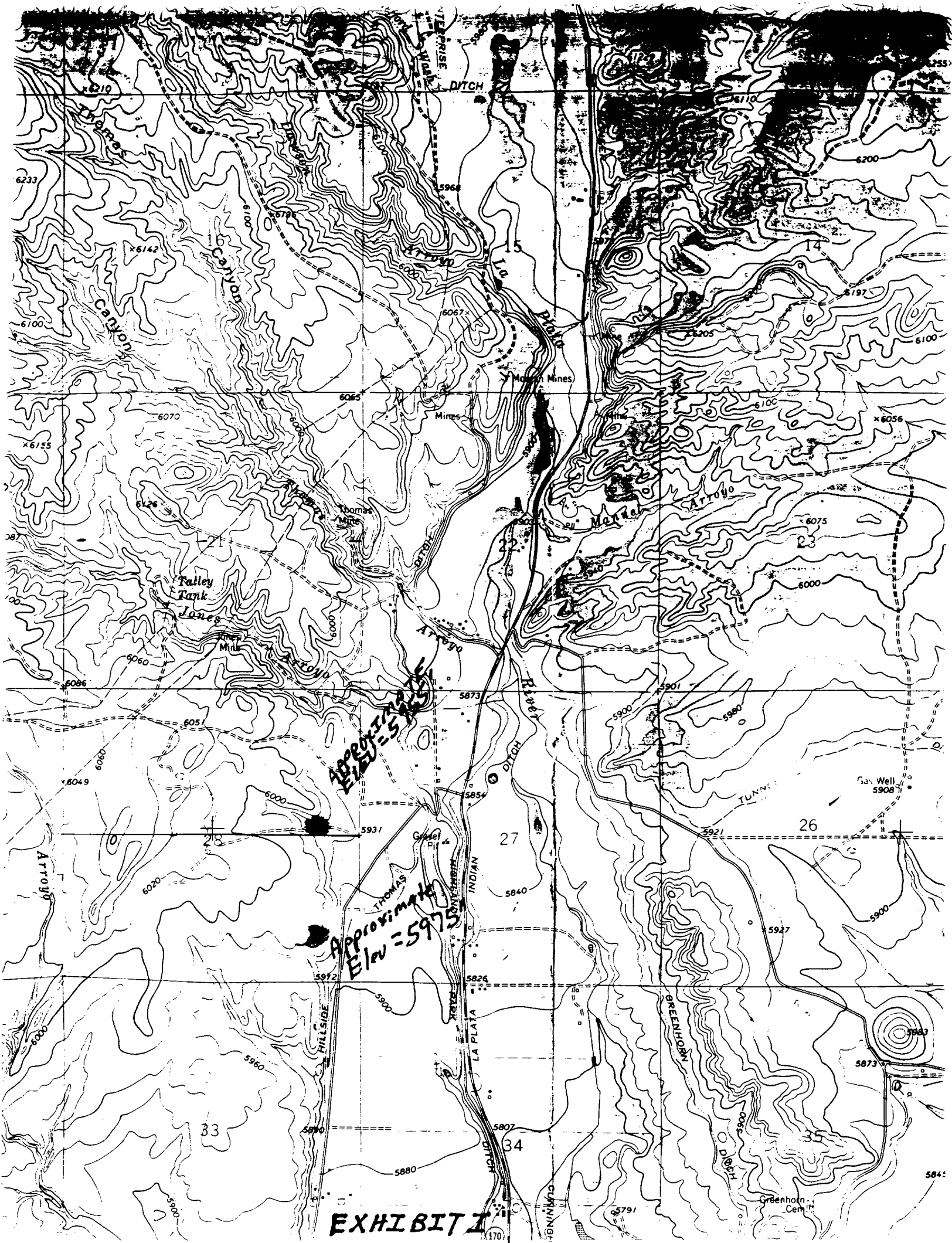
David R. Williams, P.E.  
Manager of Engineering  
Texakoma Oil & Gas Corp.

DRW/db

**TABLE I**

**COMPARISON OF WELL DENSITIES  
(SPACING) TO DISTANCE APART  
(WELL TO WELL)**

| <b>ACRES</b> | <b>AREA<br/>MILLION FT <sup>2</sup></b> | <b>DISTANCE APART<br/>FEET</b> |
|--------------|---|--------------------------------|
| 640.0        | 27.8784                                 | 5280'                          |
| 320.0        | 13.9392                                 | 3734'                          |
| 160.0        | 6.9696                                  | 2640'                          |
| 80.0         | 3.4848                                  | 1867'                          |
| 57.3         | 2.4964                                  | 1580'                          |
| 40.0         | 1.7424                                  | 1320'                          |
| 20.0         | 0.8712                                  | 933'                           |
| 10.0         | 0.4356                                  | 660'                           |



LEGEND

STRUCTURE MAP  
BASE OF FRUITLAND  
COAL

LEGEND

- Texasans Oil & Gas Fruitland
- COAL WELLS
- Hallwood Fruitland Coal Wells

KgI PA.'62

- Walsh Applied for Non-Standard

LOCATIONS, DEPTH = 54  
- WALSH - Alternate possible  
standard location

PROJECTED DEPTH TO BASE FC.  
= 5955 - 4475 = 1480' ↗

