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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 10, 1998

Mr. David R. Catanach, Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

HAND DELIVERED

**Re: Request to readvertise and continue Case 11877
Carnero "12" Federal Com Well No. 1
Application of Fasken Land and Minerals, Ltd.
for Compulsory Pooling and an Unorthodox Gas Well Location
Eddy County, New Mexico**

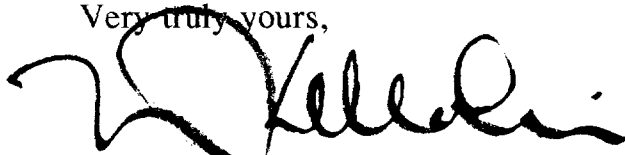
Dear Mr. Catanach:

At the hearing held February 5, 1998, I advised you that Fasken Land and Minerals, Ltd. would consider reorienting its 320-acre gas spacing unit from the W/2 of Section 12 to the N/2 of Section 12. By doing so, Fasken reduces its interest in the 320-acre spaced formation from 100% to 60.2037649%.

While there exists established COPAS procedures for the allocation of well costs between the owners of different sized spacing units, and while Fasken believes that this well location should not be penalized, in order to avoid any dispute about well cost allocation and in order to avoid any production penalty as to any formation, Fasken is hereby amending its application to include a request for compulsory pooling of the N/2 of Section 12 for any production based upon 320-acre gas spacing units.

I have enclosed a copy of a suggest readvertisement and request that this case be readvertised for the March 5, 1998 docket.

Very truly yours,



W. Thomas Kellahin

cc: James Bruce, Esq.
Attorney for Redstone Oil & Gas Company
cc: Fasken Land and Minerals, Ltd.
Attn: Sally Kvasnicka

CASE 11877: (Readvertised and continued from February 5, 1998)

Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 12, T23S, R24E, NMPM, Eddy County, New Mexico, and in the following manner: all of said Section 12 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank Upper-Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of said Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent. Said unit(s) to be dedicated to its Carnero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit C) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of **Fasken Oil and Ranch, Ltd.** as the operator of the well and a charge for risk involved in said well. Said unit is located approximately 15 miles southwest from Carlsbad, New Mexico.