



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

12388

February 7, 2000

Reliance Operating Company
Ms. Carol Robbins
Post Office Box 10946
Midland, Texas 79702

**Re: Federal "D" Well No. 3
E/2 Section 31, T9S, R36E
Lea County, New Mexico**

Dear Ms. Robbins:

Enclosed please find a copy of the June 7, 1999 Administrative Order NSL-3838-A Issued by the New Mexico Oil Conservation Division (Division). The order recites that "...the E/2 of Section 31 is to be dedicated to the well in order to form a standard 320-stand-up gas spacing and proration unit." The Division has been receiving correspondence from William C. Bahlburg stating that Reliance Operating Company has failed to consolidate the interests of the NE/4 of the E/2. By letter dated January 10, 2000, Mr. Bahlburg provided geologic maps and interpretations he claims to be sufficient to cause the Bureau of Land Management to communitize the two federal leases in the E/2.

Mr. Bahlburg has asked the Division to cancel the allowable for the Federal "D" Well No. 3 until such time that the operator properly consolidates all the interests in the proration unit.

The Division will set a show cause hearing on this matter in Santa Fe, New Mexico to consider why the allowable should not be canceled for failure to comply with Administrative Order NSL-3838-A unless the interests in this proration unit are consolidated.

Best regards,


Lyn Hebert
Legal Counsel

cc: Chris Williams, OCD - Hobbs
Armando Lopez, BLM
William C. Bahlburg



**NEW MEXICO ENERGY, MINERALS
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OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
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June 7, 1999

Carl Sommer

Reliance Operating Company
P. O. Box 10946
Midland, Texas 79702
Attention: Carol Robbins

Telefax No. (915) 682-1250

Administrative Order NSL-3838-A

Dear Ms. Robbins:

Reference is made to the following: (i) your application dated May 13, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Reliance Operating Company's ("Reliance") request for a non-standard Atoka gas well location for the existing Federal "D" Well No. 3 (API No. 30-025-34066), which was drilled in 1997 to total depth of 12,018 feet at an unorthodox oil well location within West Crossroads-Devonian Pool (approved by Division Administrative Order NSL-3838, dated July 18, 1997) 120 feet from the South line and 1420 feet from the East line (Unit O) of Section 31, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.

It is our understanding that Reliance perforated this well 11,133 feet to 11,160 feet within the Atoka formation and the well was completed as a gas well. Pursuant to Division Rule 104.B(1)(a) this location is considered to be unorthodox. Further, the E/2 of Section 31 is to be dedicated to the well in order to form a standard 320-acre stand-up gas spacing and proration unit.

The application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Atoka gas well location is hereby approved.

The previously issued Division Administrative Order NSL-3838 shall be placed in abeyance until further notice

Sincerely,

Lori Wrotenbery

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs ✓
U. S. Bureau of Land Management - Roswell
File: NSL-3838