



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

May 21, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Texakoma Oil & Gas Corporation
One Lincoln Center
5400 LBJ Freeway – Suite 500
Dallas, Texas 75240

Case 12875

Attention: Tom Sprinkle

RE: *Administrative application for Texakoma Oil & Gas Corporation's proposed Black Hills "16" Well No. 1 (API No. 30-045-31077) to be drilled within the S/2 of Section 16, Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico at an off-pattern unorthodox coal gas well location 772 feet from the South line and 701 feet from the East line (Unit P) of Section 16 (application reference No. pKRV0-213545806).*

Dear Mr. Sprinkle:

The Division is in receipt of an objection from Dugan Production Corporation to the subject application; see copy of letter dated May 10, 2002 attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for June 13, 2002. I have prepared the following advertisement in this matter:

"Application of Texakoma Oil & Gas Corporation for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Black Hills "16" Well No. 1 (API No. 30-045-31077) at an off-pattern non-standard coal gas well location 772 feet from the South line and 701 feet from the East line (Unit P) of Section 16, Township 26 North, Range 13 West, which is located approximately 17 miles south of Farmington, New Mexico. The S/2 of Section 16 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool."

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office – Santa Fe
Dugan Production Corporation, Attention: Kurt H. Fagrelius – Farmington
Kathy Vades, NMOCD – Santa Fe