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William F. Carr

wcarr@hollandhart.com

June 4, 2002

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

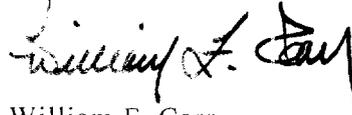
*Case 12884*

Re: Application of Four Star Oil & Gas Company for an unorthodox well  
location, San Juan County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the application of Four Star Oil & Gas Company in the above-referenced case as well as a copy of the legal advertisement. Four Star requests that this application be set for hearing before a Division Examiner on June 27, 2002.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. J. T. Schmid (w/enclosures)  
Four Star Oil & Gas Company

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

**IN THE MATTER OF THE APPLICATION  
OF FOUR STAR OIL & GAS COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION  
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 12884

RECORDED  
2001 JUN 14 PM 1:40

**APPLICATION**

FOUR STAR OIL & GAS COMPANY ("Four Star"), through its undersigned attorneys, hereby makes application for an exception to the well location requirements of Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, adopted by Division Order No. R-8768 as amended by Order No. R-8768-B, effective February 10, 2000, for an off-pattern location for its New Mexico State "32" Well No. 2 located 905 feet from the North line and 1830 feet from the West line of Section 32, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, and in support of its application states:

1. Four Star is the operator of a standard 321.32-acre standard spacing unit in the Basin-Fruitland Coal Gas Pool comprised of the W/2 of Section 34.
2. In April 2001, Four Star filed its Application for Permit to drill a well at a location 905 feet from the North line and 1830 feet from the West line of Section 32, the Permit to Drill was approved, and in June 2001 Four Star drilled the New Mexico State "32" Well No. 2 at the approved location.
3. Rule 4 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool provide for wells to be located in the NE/4 or SW/4 of a single governmental section.

4. Four Star has been contacted by the Division, advised that the well location is at an unapproved unorthodox off pattern location since it is not in the NE/4 or SW/4 of the Section as required by Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, and ordered to shut-in the well.

5. Pursuant to the directive of the Division, Four Star has shut in the well and, with this application, seeks approval of this unorthodox off pattern well location.

6. Pursuant to the provisions of Rule 1207 of the General Rules of the Division, notice of this application has been provided to all affected parties which are identified on Exhibit A to this application.

7. Approval of this application will result in the prevention of waste, will not impair the correlative rights of any interest owner and will otherwise be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Four Star requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 27, 2002, and, after notice and hearing as required by law, the Division enter its order approving the unorthodox off pattern well location for its New Mexico State "32" Well No. 2.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR FOUR STAR OIL  
& GAS COMPANY

**EXHIBIT A**

**NOTICE LIST**

**APPLICATION OF FOUR STAR OIL & GAS COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION  
W/2 SECTION 32, TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM  
SAN JUAN COUNTY, NEW MEXICO.**

Burlington Resources Oil & Gas Co. LP  
Post Office Box 4289  
Farmington, New Mexico 87499

Conoco, Inc.  
600 N. Dairy Ashford  
Houston, Texas 77079

Dominion Oklahoma Texas  
Exploration & Production, Inc.  
14000 Quail Spring Pkwy, Suite 600  
Oklahoma City, Oklahoma 73134

Frank C. Davis III  
3219 Byrn Mawr Drive  
Dallas, Texas 75225

Energen Resources Corporation  
2198 Bloomfield Hwy  
Farmington, New Mexico 87402

Marathon Oil Company  
Post Office Box 552  
Midland, Texas 79702-0552

Morris Oil & Gas Company  
8150 North Central Expressway  
Suite 850, Lockbox 15  
Dallas, Texas 75206

SG Interests I, LTD  
Post Office Box 2677  
Durango, Colorado 81302

XTO Energy  
2700 Farmington Ave.  
Building K, Suite 1  
Farmington, New Mexico 87401

CASE 12884.

**Application of Four Star Oil & Gas Company for an unorthodox gas well location, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an exception to the provisions of Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for its New Mexico State "32" Well No. 2 which has been drilled at an unorthodox off pattern location 905 feet from the North line and 1830 feet from the West line in Unit C of Section 32, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico. The well location is approximately 12 miles east of Farmington, New Mexico.

HOLLAND & HART LLP  
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William F. Carr

wcarr@hollandhart.com

June 6, 2002

**CERTIFIED MAIL/RETURN RECEIPT REQUESTED**

TO: ALL AFFECTED INTEREST OWNERS

Re: Application of Four Star Oil & Gas Company for an unorthodox gas well location, San Juan County, New Mexico.

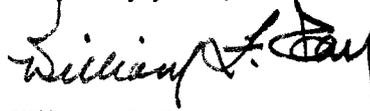
Ladies and Gentlemen:

This letter is to advise you that Four Star Oil & Gas Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox gas well location for its New Mexico State 32 Well No 2 located 905 feet from the North line and 1830 feet from the West line of Section 32, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico. The well is at an unorthodox off pattern location in the Basin-Fruitland Coal Gas Pool and Four Star Oil & Gas Company has dedicated the W/2 of Section 32 to the well.

This application has been set for hearing before a Division Examiner on June 27, 2002. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr  
ATTORNEY FOR FOUR STAR OIL &  
GAS COMPANY

cc: J. T. Schmid  
Four Star Oil & Gas Company



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Betty Rivera**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
**Oil Conservation Division**

May 21, 2002

Keith Beam  
Four Star Oil and Gas Co.  
3300 N. Butler Ave, Ste 100  
Farmington, NM 87401

*Case 12884*

Re: New Mexico State 32 #2; API# 30-045-30666

Dear Mr. Beam:

Please note that the well referenced above, the NM State 32 #2, is operating in non-compliance with regulations since you have not obtained the required non-standard location exception. Your C-104 is rescinded and the well must be shut in effective immediately until Four Star O & G Co brings it into compliance.

Thank you for your attention to this matter.

Sincerely,

Steven N. Hayden  
Geologist, District III  
[shayden@state.nm.us](mailto:shayden@state.nm.us)

SNH/mk

Cc: NM OCD, Santa Fe, Engineering Bureau  
Giant Refining Co  
El Paso Field Services  
Well File