

**DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 14, 1993  
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO**

**The Land Commissioner's designee for this hearing will be Gary Carlson and/or Jami Bailey**

**CASE 10436: (Rehearing - Continued from December 1, 1992, Commission Hearing.)**

In the matter of the application of Four Corners Gas Producers Association and the New Mexico Oil and Gas Association to rehear Case No. 10436 which was called by the Oil Conservation Commission to provide for the expansion of the Vulnerable Area in the San Juan Basin amongst other things. This rehearing will be limited to the following three issues only:

1. To reconsider allowing extensions of up to two years to the basic one year- two year-three year timetable for the elimination of discharge;
2. To reconsider the establishment of a 200-foot radius wellhead protection area around private water wells which are not part of a community of municipal water supply; and
3. To reconsider the provisions of the order providing for variances; specifically, to clarify whether a variance can be granted for multiple sites under a single request and to determine the appropriate notice requirements for a variance request.

**CASE 10444: (DE NOVO)**

**Application of Amerada Hess Corporation for pool contraction, pool creation, and promulgation of special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinbry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinbry Pool in conjunction with the creation of said new Lower Blinbry oil pool within the existing horizontal boundaries of the Hobbs-Blinbry Pool in portions of Townships 18 and 19 South, Range 38 East. Said area is located on the west side of Hobbs, New Mexico. Upon application of Amerada Hess Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10345: (DE NOVO)**

**Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico.** Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346: (DE NOVO)**

**Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico.** Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10507: (DE NOVO)**

**Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. Upon application of intervenors Elsie Reeves, S-W Cattle Co. and W. T. (Trent) Stradley, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10744:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, Rio Arriba County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 17, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. The applicant proposes to drill its Cheney Federal Well No. 4 located at a standard surface location in said Section 17, kick off from the vertical in an estimated northwesterly directional commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit. Said project is approximately 13 miles north of Lindrith, New Mexico.

**CASE 10745:** Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle Choza Mesa-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Valdez Well No. 5 to be drilled at an unorthodox gas well "off pattern" location for the Basin-Fruitland Coal Gas Pool, being 1820 feet from the West line and 1850 feet from the North line (Unit F) of Section 16, Township 28 North, Range 4 West. Said well is to be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the N/2 of Section 16 and to a standard 160-acre gas spacing unit for the Choza Mesa-Pictured Cliffs Gas Pool being the NW/4 of Section 16. The well is located approximately 3 miles east of Laguna Seca Mesa.

**CASE 10719:** (Continued from April 22, 1993, Examiner Hearing.)

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico.

**CASE 10556:** (Continued from June 3, 1993, Examiner Hearing.)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order No. R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County. Operators in said pool may appear and present evidence about the nature of the reservoir with regards to the proper classification of the pool as either oil or gas.

**CASE 10746:** Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Soapberry Draw-Delaware Pool located in the SE/4 of Section 8, Township 21 South, Range 26 East, including a provisions for a gas-oil limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir.

**CASE 10747:** Application of Nearburg Producing Company for salt water disposal, Lea County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

**CASE 10717:** (Continued from May 20, 1993, Examiner Hearing.)

Application of Davcro Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

**CASE 10748:** Application of Yates Energy Corporation for pool creation, classification of the new pool as an associated pool and for special pool rules, Eddy County, New Mexico. Applicant seeks creation of a new pool for the production of oil and gas from the Pennsylvanian formation underlying the W/2 of Section 17, Township 22 South, Range 24 East, NMPM. Applicant also seeks classification of this new pool as an associated oil and gas pool and the promulgation of special rules and regulations for the pool including: 320-acre spacing and proration units; designated well location requirements; a limit of no more than one well per quarter section; a special depth bracket allowable for each well on a 320-acre spacing or proration unit of 1400 barrels of oil per day and; administrative procedures for approval of unorthodox well locations and non-standard spacing or proration units. Said area is located approximately 2 miles east of Lone Butte.

**CASE 10749:** Application of Devon Energy Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Ingle Wells-Delaware Pool located in portions of Sections 26 and 35 of Township 23 South, Range 31 East and in a portion of Section 2, Township 24 South, Range 31 East, including a provision for a gas-oil limitation of 5000 cubic feet of gas per barrel of oil. Said area is located approximately 2 miles west of mile marker 19 on highway 128.

**CASE 10513:** (Continued from May 20, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

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Docket No. 18-93

**DOCKET: COMMISSION HEARING - THURSDAY - JUNE 24, 1993**  
**9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

**The Land Commissioner's designee for this hearing will be Gary Carlson**

**CASE 10345:** De Novo - Continued from April 29, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346:** De Novo - Continued from April 29, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 19, 1993  
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO**

**The Land Commissioner's designee for this hearing will be Jami Bailey**

**CASE 10799:** The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1993 through March 1994 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD docket dated July 30, 1993.

**CASE 10498:** (De Novo - Continued from July 22, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10345:** (De Novo - Continued from July 22, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346:** (De Novo - Continued from July 22, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10693:** (DE NOVO)

**Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico.** Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna. Upon application of Pronghorn SWD System, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: COMMISSION HEARING - WEDNESDAY - SEPTEMBER 22, 1993  
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Jami Bailey

**CASE 10498:** (De Novo - Continued from August 19, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10345:** (De Novo - Continued from August 19, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346:** (De Novo - Continued from August 19, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10719:** (De Novo)

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Co. Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10746:** (De Novo)

Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the East Catclaw Draw-Delaware Pool located in Section 9, Township 21 South, Range 26 East, including a provision for a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir. Upon application of Devon Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10693:** (De Novo - Continued from August 19, 1993, Examiner Hearing.)

Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna. Upon application of Pronghorn SWD System, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 23, 1993**  
**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

Dockets Nos. 29-93 and 30-93 are tentatively set for October 7, 1993 and October 21, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

The following cases will be heard before Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

**CASE 10280:** (Reopened)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Order No. R-9594, which order promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the Temporary Special Pool Rules for the Milnesand-Abo Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

**CASE 10826:** Application of Barbara T. Faaken for directional drilling, an unorthodox bottomhole gas well location, and simultaneous dedication, Eddy County, New Mexico. Applicant seeks authority to directionally drill its Inexco Federal "17" Well No. 2 from a proposed surface location 2300 feet from the South line and 1800 feet from the East line (Unit J) of Section 17, Township 21 South, Range 26 East, in such a manner as to bottom the well in the Catclaw Draw-Morrow Gas Pool within 50 feet of a point 800 feet from the North line and 1400 feet from the East line (Unit B) of said Section 17, which is an unorthodox gas well location for said pool. Said well is to be simultaneously dedicated to an existing standard 640-acre gas spacing and proration unit comprising all of said Section 17, which is presently dedicated to its Inexco Federal "17" Well No. 1 located at a standard gas well location 1650 feet from the South line and 1850 feet from the West line (Unit K) of said Section 17. Said unit is located approximately 5 miles northwest of Carlsbad, New Mexico.

**CASE 10827:** Application of Earon Oil & Gas Company 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 S/2 of Section 35, Township 17 South, Range 30 East. Said unit is to be dedicated to its Cedar Lake 35 Federal Com Well No. 2 to be drilled at an unorthodox location 990 feet from the South and East lines of said Section 35. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles southwest of Maljamar, New Mexico.

**CASE 10807:** (Continued from August 26, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 1 which is at an orthodox location 660 feet from the South and West lines (Unit M) of said Section 36, kick-off from vertical in a northwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 9 miles east by northeast of Lovington, New Mexico.

**CASE 10687:** (Continued from July 1, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; and the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

**CASE 10688:** (Continued from July 1, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 31, Township 17 South, Range 28 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile southwest of the Baylor Triangulation Station.

**CASE 10769:** Application of H. L. Brown for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant seeks approval to drill his Federal Well No. 27-2 to test the North Bluit Siluro-Devonian Pool at an unorthodox location 2590 feet from the South line and 330 feet from the West line (Unit L) of Section 27, Township 7 South, Range 37 East. The N/2 SW/4 of said Section 27 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.

**CASE 10770:** Application of Bahlburg Exploration Inc. to amend Division Order No. R-8989, Lea County, New Mexico. Applicant seeks to amend Division Order No. R-8989 so that its Lowe "25" Well No. 1, which was drilled to test the Undesignated King-Devonian Pool at a previously approved unorthodox location 990 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, can be recompleted and produced in any shallower formation which is found to be productive, including but not limited to the King-Wolfcamp Pool. If the subject well is recompleted as an oil well, the NW/4 NW/4 (40 acres) will be dedicated to the well. Said well is located approximately 14 miles southeast of Tatum, New Mexico.

**CASE 10771:** Application of OXY USA Inc. to authorize the expansion of a portion of its Skelly Penrose "B" Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Skelly Penrose "B" Unit Waterflood Project in Sections 4, 5, and 8 of Township 23 South, Range 37 East, Queen (Penrose) formation of the Langlie Mattix Seven Rivers-Queen-Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five spot injection patterns. Said project area is located approximately 6 miles south of Eunice, New Mexico.

**CASE 10772:** Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

**CASE 10513:** (Continued from June 17, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

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Docket No. 21-93

DOCKET: COMMISSION HEARING - THURSDAY - JULY 22, 1993  
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Jami Bailey

**CASE 10498:** (De Novo)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10653:** (De Novo - Continued from May 27, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. In the De Novo application, the applicant seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station. Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220. The amended application seeks the abolishment of the Quail Ridge-Delaware Pool located in a portion of Township 20 South, Range 34 East, and the concomitant extension of the Northeast Lea-Delaware Pool.

**CASE 10773:** Application of Armstrong Energy Corporation for pool extension and abolishment, Lea County, New Mexico. Applicant, in the above-styled cause, and in association with De Novo Case No. 10653, seeks to abolish the Quail Ridge-Delaware Pool comprising the SW/4 of Section 3, SE/4 of Section 4, NE/4 of Section 9, N/2 and SW/4 of Section 10, all in Township 20 South, Range 34 East and the concomitant extension of the horizontal limits of the Northeast Lea-Delaware Pool to include all of above-described acreage plus the SE/4 of said Section 3. This area is centered approximately 1.5 miles south of U.S. Highway 62/180 at Milemarker No. 79.

**CASE 10345:** (De Novo - Continued from June 24, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346:** (De Novo - Continued from June 24, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**DOCKET: COMMISSION HEARING - THURSDAY - MARCH 10, 1994****9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO****The Land Commissioner's designee for this hearing will be Gary Carlson**

**CASE 10933:** The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining April 1994 through September 1994 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba and Sandoval Counties in Northwest New Mexico. Commission Order No. R-8170-H dated December 1990 provides for allowables to be established for 6-month allocation periods beginning in April and October of each year. Preliminary allowable estimates for the April-September period are being distributed with OCD Memorandum dated February 18, 1994.

**CASE 10907:** (Continued from February 10, 1994, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division to amend Rules 1111, 1112, and 1115 of its General Rules and Regulations. The Oil Conservation Division seeks to amend its General Rules and Regulations to provide for the filing of Forms C-111, C-112, and C-115, respectively, on the last business day of the month following the month of production and to provide for the imposition of penalties for failure to file timely and accurate reports.

**CASE 10345:** (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346:** (De Novo - Continued from January 13, 1994, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10887:** (De Novo - Continued from February 10, 1994, Commission Hearing.)

Application of Kaiser-Francis Oil Company for directional drilling, Eddy County, New Mexico. Applicant seeks to test and develop the Undesignated Los Medanos-Delaware and/or Undesignated West Sand Dunes-Delaware Pools underlying the NE/4 of Section 20 and the W/2 NE/4 and NW/4 of Section 21, Township 23 South, Range 31 East, by drilling directional into the ten 40-acre standard oil well spacing and proration units comprising said area from ten various surface locations around its periphery in Sections 16, 17, 20 and 21. Said area is located approximately 5.5 miles northwest of the Lea/Eddy County line on State Highway No. 128. Upon application of Santa Fe Energy Operating Partners, L.P., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10871:** (De Novo)

Application of Santa Fe Energy Partners, L.P. for compulsory pooling and to shut-in a producing well, and for a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Applicant also requests that the existing Yates Petroleum Corporation Judith "AJ" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, be shut-in pending the drilling and completion of applicant's proposed well. Further, applicant requests approval for a non-standard spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool for the proposed Ocotillo "ACI" Fed. Com Well No. 2 to be located at a standard location in the SE/4 of Section 10, Township 20 South, Range 24 East. Said area is located approximately 2 miles west of Seven Rivers, New Mexico. Upon application of Santa Fe Operating Partners, L.P., this case will be heard De Novo pursuant to the provisions of Rule 1220.

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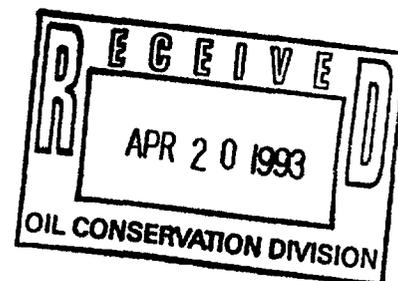
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April 20, 1993



William J. LeMay, Chairman  
Oil Conservation Commission  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Re: Case Nos. 10,345 (De Novo) and 10,346 (De Novo)

Dear Mr. LeMay:

We represent BHP Petroleum (Americas) Inc. On behalf of BHP, we request that the above cases be continued again. Ms. Locke's representative (who resides in northern Colorado) has yet been unable to meet with Fred Lowery of BHP's Farmington office in order to review and discuss well costs on the Gallegos Canyon Unit Well Nos. 390 and 391. As we previously mentioned to the Commission, we think this meeting is essential in order to determine areas of agreement and disagreement, to make the Commission hearing as short as possible. For the foregoing reasons, we request that the cases

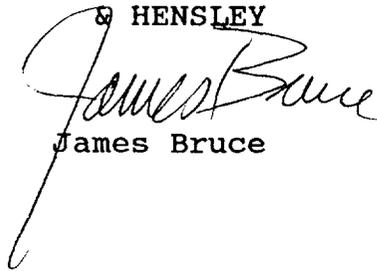
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William J. LeMay  
Page Two  
April 20, 1993

be continued to a June date. I have spoken with Mr. Tully, the attorney for Louise Y. Locke, and he does not object to the continuance.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned over the typed name "James Bruce".

James Bruce

JB:frs  
c: William F. Carr, Esq.  
Richard T. Tully, Esq.  
Jon Bowden

**VIA HAND DELIVERY**

OIL CONSERVATION DIVISION  
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June 9, 1993

\*NOT LICENSED IN NEW MEXICO

William J. LeMay, Chairman  
Oil Conservation Commission  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Re: Case Nos. 10,345 and 10,346 (Applications of Louise Y. Locke to Consider Objections to Well Costs, San Juan County, New Mexico)

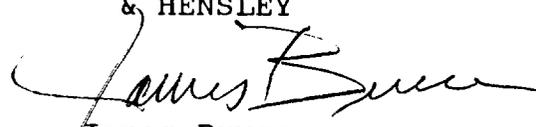
Dear Mr. LeMay:

On behalf of BHP Petroleum (Americas) Inc., we request the above matters be continued to the July docket, for the following reasons: (a) We have not yet received a report from Louise Y. Locke's engineer, Dave Simmons, as to what costs are being objected to; (b) I will be moving into a different house during late June, which will disrupt my schedule; and (c) my co-counsel, Jon Bowden of BHP, will be on a family vacation from June 14 through June 27;

Your consideration of this matter is appreciated.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

  
James Bruce

JB:frs  
c: Jon Bowden, Esq.  
Richard T. C. Tully, Esq.  
William F. Carr, Esq.

JGB5\93A23.c

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JUNE 24, 1993

COMMISSION HEARING

IN THE MATTER OF:

Application of Louise Y. Locke to consider  
objections to well costs, San Juan County,  
New Mexico.

CASE 10346

BEFORE: William J. LeMay, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil

Conservation Commission:

Robert G. Stovall  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

MR. LEMAY: Call next Case 10346.

MR. STOVALL: Case 10346, the application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. The applicant has requested that this case be continued to the next Commission hearing.

MR. LEMAY: Without objection Case 10346 is hereby continued to the Commission hearing scheduled for July 22, 1993. The hearing is adjourned.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JUNE 24, 1993

COMMISSION HEARING

IN THE MATTER OF:

Application of Louise Y. Locke to consider  
objections to well costs, San Juan County,  
New Mexico.

CASE 10346

BEFORE: William J. LeMay, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil

Conservation Commission:

Robert G. Stovall  
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MR. LEMAY: Call next Case 10346.

MR. STOVALL: Case 10346, the application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. The applicant has requested that this case be continued to the next Commission hearing.

MR. LEMAY: Without objection Case 10346 is hereby continued to the Commission hearing scheduled for July 22, 1993. The hearing is adjourned.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JULY 22, 1993

COMMISSION HEARING

IN THE MATTER OF:

Application of Louise Y. Locke to consider  
objections to well costs, San Juan County,  
New Mexico.

CASE 10346

BEFORE: William J. LeMay, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil

Conservation Commission:

Robert G. Stovall  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

MR. LEMAY: Call next Case 10346.

MR. STOVALL: Case 10346, the application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. The applicant has requested that this case be continued to the next Commission hearing.

MR. LEMAY: Without objection Case 10346 is hereby continued to the Commission hearing scheduled for August 19, 1993. The hearing is adjourned.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JULY 22, 1993

COMMISSION HEARING

IN THE MATTER OF:

Application of Louise Y. Locke to consider  
objections to well costs, San Juan County,  
New Mexico.

CASE 10346

BEFORE: William J. LeMay, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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July 19, 1993

\*NOT LICENSED IN NEW MEXICO

William J. LeMay, Chairman  
Oil Conservation Commission  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Re: Case Nos. 10,345 and 10,346

Dear Mr. LeMay:

I understand that Mr. Carr, on behalf of Louise Y. Locke, has verbally requested a continuance of the above Commission cases. BHP Petroleum (Americas) Inc. has no objection. I understand from opposing counsel that the audit of well costs will be finalized by the end of July.

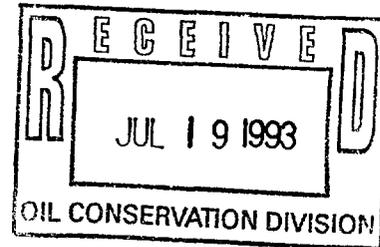
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& HENSLEY

*James Bruce*  
James Bruce

c: Jon Bowden  
William F. Carr, Esq.  
Richard T. C. Tully, Esq.

VIA HAND DELIVERY



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ROY C. SNODGRASS, JR. (1914-1992)

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September 17, 1993

\*NOT LICENSED IN NEW MEXICO

William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Re: Louise Y. Locke, Case Nos. 10,345  
and 10,346 (de novo)

Dear Mr. LeMay:

Please continue the above cases for two months. Opposing counsel consents to the continuance. The continuance should provide enough time for BHP Petroleum to supply the additional requested data to Ms. Locke, together with time for Ms. Locke's engineer to review the same.

Very truly yours,

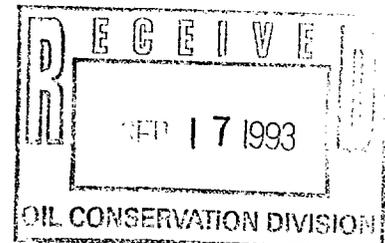
HINKLE, COX, EATON, COFFIELD  
& HENSLEY

*James Bruce*  
James Bruce

c: William F. Carr, Esq.  
Richard T. Tully, Esq.  
(via First Class Mail)

**VIA HAND DELIVERY**

JGB5\93G92.c



# HINKLE, COX, EATON, COFFIELD & HENSLEY

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DARLA M. SILVA

\*NOT LICENSED IN NEW MEXICO

August 10, 1993

William J. LeMay, Chairman  
Oil Conservation Commission  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87503

Re: Cases 10,345 and 10,346 (de novo),  
Applications of Louise Y. Locke

Dear Mr. LeMay:

Enclosed is a letter we received from Ms. Locke's attorney regarding the above cases, which states (a) that invoices reviewed to date were reasonable under the circumstances, and (b) requesting additional information. Pending a review of the additional requested data, BHP Petroleum (Americas) Inc. hereby requests that the above cases again be continued.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

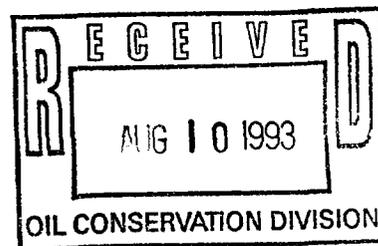
*James Bruce*  
James Bruce

Attorneys for BHP Petroleum  
(Americas) Inc.

c: Jon Bowden  
Richard T. C. Tully, Esq.  
William F. Carr, Esq.

**VIA HAND DELIVERY**

JGB5\93E54.c



CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
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WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
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JACK M. CAMPBELL  
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OIL CONSERVATION DIVISION  
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January 11, 1993

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

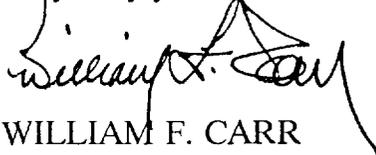
Re: Oil Conservation Division Cases 10345 and 10346 (*De Novo*)  
Applications of Louise Y. Locke to Consider Objections to Well Costs, San  
Juan County, New Mexico

Dear Mr. LeMay:

Louise Y. Locke respectfully requests that these matters which are currently set on the Commission docket for the January 14, 1993 hearings be continued to the February 24, 1993 Commission docket.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR  
WFC:mlh

cc: Rick Tully, Esq.  
Jim Bruce, Esq.

HINKLE, COX, EATON, COFFIELD & HENSLEY

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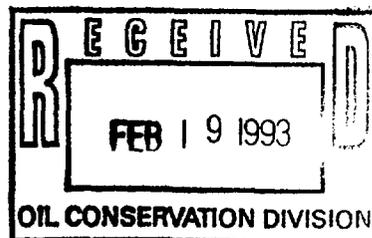
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\*NOT LICENSED IN NEW MEXICO

February 19, 1993

**HAND DELIVERED**

Mr. William Lemay  
Chairman  
Oil Conservation Commission  
State Land Office  
Santa Fe, New Mexico 87503



Re: Case Nos. 10,345 (De Novo) and 10,346 (De Novo)

Dear Mr. Lemay:

We represent BHP Petroleum (Americas) Inc. On behalf of BHP, we request that the above cases be continued. BHP has offered to show Louise Y. Locke all well cost data on the Gallegos Canyon Unit Well Nos. 390 and 391, but to date Ms. Locke's representative has been unable to meet with Fred Lowery of BHP's Farmington office in order to review and discuss well costs. We think this meeting is essential in order to determine areas of agreement and disagreement, in order to make the Commission hearing (if necessary) as short as possible. For the foregoing reasons, we request that the case be continued to a late March or April date.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

*James Bruce*  
James Bruce

JB: jr

Mr. William Lemay  
February 19, 1993  
Page 2

cc: William F. Carr  
Richard T. C. Tully  
Jon Bowden

# HINKLE, COX, EATON, COFFIELD & HENSLEY

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L. A. WHITE\*\*

AUSTIN AFFILIATION  
HOFFMAN & STEPHENS, PC  
KENNETH R. HOFFMAN  
TOM D. STEPHENS  
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April 19, 1994

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CATHRYN MCCLANAHAN

\*NOT LICENSED IN NEW MEXICO  
†FORMERLY COMPRISING THE FIRM OF  
CULTON, MORGAN, BRITAIN & WHITE, P.C.

## VIA HAND DELIVERY

Mr. William LeMay  
New Mexico Oil Conservation Commission  
Energy, Minerals and Natural Resources Department  
State Land Office Building  
Santa Fe, New Mexico 87501

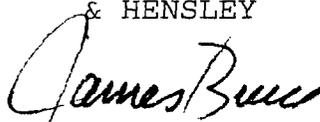
Re: Case Nos. 10,345 (de novo) and 10,346 (de novo)

Dear Mr. LeMay:

I spoke today with Richard T. C. Tully, the attorney for Louise Y. Locke, and he informed me that the above de novo cases may be dismissed. BHP Petroleum (Americas) Inc. consents to the dismissals. Please call either Mr. Tully or me if you have any questions.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

  
James Bruce

JB/bc

cc: Richard T. C. Tully, Esq.  
Dwight Pickle

APR 19 1994