

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

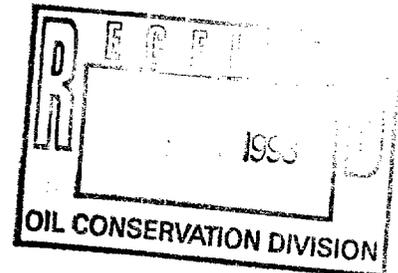
W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 2, 1993

**HAND DELIVERED**



Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504

Re: Ray "25" No. 2 Well  
Application of Collins & Ware Inc.  
for an Unorthodox Gas Well Location and  
Simultaneous Dedication,  
South Culebra Bluff-Atoka Gas Pool  
Eddy County, New Mexico

10805

Dear Mr. LeMay:

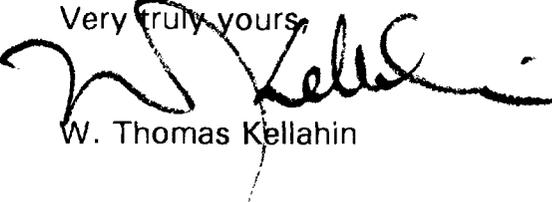
On behalf of Collins & Ware Inc., please find enclosed our application for an unorthodox gas well location and simultaneous dedication for its Ray "25" No 2 Well which we request be set for hearing on the next available Examiner's docket now scheduled for August 26, 1993.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. See Enclosure (1).

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached as Enclosure (2).

Mr. William J. LeMay  
August 2, 1993  
Page 2

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to Applicant, not later than 4:00 PM on Friday, August 20, 1993. A copy of the Pre-Hearing Statement form is attached as Enclosures (3).

Very truly yours,  
  
W. Thomas Kellahin

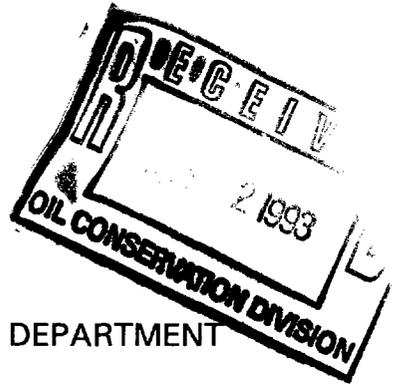
cc: Collins & Ware, Inc.

cc: **CERTIFIED MAIL:**

All parties shown in application

Proposed notification/advertisement for OCD docket

Case 10805 : **Application of Collins & Ware, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval of an unorthodox gas well location 710 feet from the South line and 710 feet from the East line (Unit P) of Section 25, Township 23 South, Range 28 East, NMPM, South Culebra Bluff-Atoka Gas Pool. In addition, the Applicant seeks an exception to Division General Rule 104(c)(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 25 to be simultaneously dedicated to in this pool to the proposed well and to the existing Ray "25" No. 1 Well located at a standard gas well location 1980 feet FWL and 897 feet FSL (Unit N) of said Section 25. Said unit is located approximately 3.5 miles east by southeast of Loving, New Mexico.



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

IN THE MATTER OF THE APPLICATION OF  
COLLINS & WARE, INC. FOR APPROVAL  
OF AN UNORTHODOX GAS WELL LOCATION  
AND SIMULTANEOUS DEDICATION,  
SOUTH CULEBRA BLUFF-ATOKA GAS POOL,  
EDDY COUNTY, NEW MEXICO

CASE: 10805

**APPLICATION**

Comes now COLLINS & WARE, INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location 710 feet from the South line and 710 feet from the East line (Unit P) of Section 25, Township 23 South, Range 28 East, NMPM, South Culebra Bluff-Atoka Gas Pool and for an exception to Division General Rule 104(c)(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 25 to be simultaneously dedicated to in this pool to the proposed well and to the existing Ray "25" No 2 Well located at a standard gas well location 1980 feet FWL and 897 feet FSL (Unit N) of said Section 25.

In support thereof, Applicant states:

1. Applicant, Collins & Ware, Inc., is the operator of the existing Ray "25" No 1 Well, located 1980 feet FWL and 897 feet FSL (Unit N) of Section 25, T23S, R28E, N.M.P.M, Eddy County, New Mexico to which the S/2 of said section is dedicated to production from the South Culebra-Atoka Gas Pool.
2. Applicant proposes to test for production in the South Culebra Bluff-Atoka Gas Pool by drilling its Ray "25" No. 2 Well to an anticipated depth of approximately 12,100 feet, at an unorthodox gas well location 710 feet FSL and 710 feet FEL of said Section 25 to be dedicated to a standard 320-acre gas spacing unit consisting of the S/2 of said Section 25.
3. The proposed well will be located within the current boundaries of the South Culebra Bluff-Atoka Gas Pool which was established by Division Order R-5987 effective May 1, 1979 and is subject to the Division general statewide rules including well spacing of 320-acres.
4. The proposed unorthodox gas well location is necessary in order to protect the Ray "25" No 1 Well's spacing unit from being drained by a newly completed Enron Oil & Gas Company ("Enron") operated well in the E/2 of Section 36, T23S, R28E.
5. Approval of the proposed location without a production penalty would permit the owners of the Ray "25" No. 1 Well's spacing unit to produce their fair share of the hydrocarbons in the pool thereby protecting correlative rights.
6. Because the proposed Ray "25" No. 2 Well is intended to test the Atoka "AD" sand of the pool which was not productive in the existing well, each well on this spacing unit will have a fair opportunity to recover its share of hydrocarbons without violating correlative rights.

Application  
Collins & Ware Inc.  
Page 3

7. In the absence of a drainage protection well as proposed by the Applicant, the Ray "25" No. 1 Well's spacing unit will have its share of recoverable reserves drained by the Enron operated well.

8. A well at the closest standard location in the spacing unit could not effectively protect the spacing unit from offset drainage by the Enron operated well.

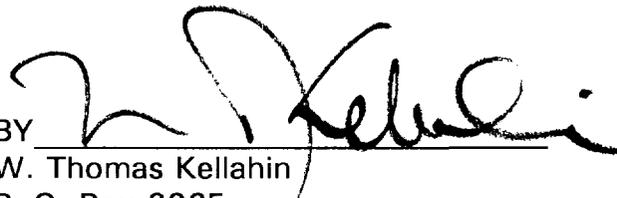
9. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Atoka formation and will otherwise prevent waste and protect correlative rights.

10. In accordance with Division Rule 1207, Applicant has notified those affected parties towards whom the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

11. In addition, notification to all offset operators in being provided as set forth on Exhibit B.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY   
W. Thomas Kellahin

P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR APPLICANT