

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

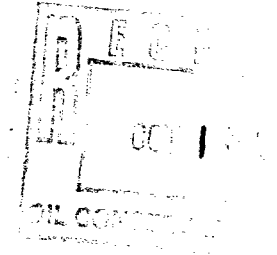
W. THOMAS KELLAHIN\*

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

JASON KELLAHIN (RETIRED 1991)

October 12, 1993

HAND DELIVERED



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

Re: Application of Mitchell Energy  
Corporation for waiver of the  
salt protection string requirements  
of Order R-111-P for certain wells,  
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for November 4, 1993. Also enclosed is our proposed advertisement to be used for the OCD docket.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that:

(1) 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 and

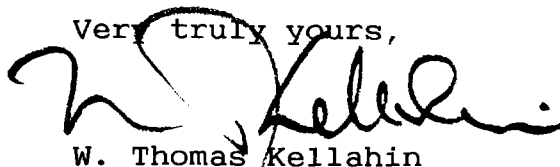
(2) advising that failure to appear at the time of the hearing and become a party of record will preclude them from challenging this application at a later date.

Mitchell Energy Corporation  
NMOCD Application  
Page 2

Oil Conservation Division  
October 12, 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, October 29, 1993.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a large initial 'W' and a long, sweeping tail.

W. Thomas Kellahin

cc: Mitchell Energy Corporation

cc: **CERTIFIED MAIL:**  
All parties shown in application

Mitchell Energy Corporation  
NMOCD Application  
Page 3

Proposed notification/advertisement for OCD docket

Case 10858: Application of MITCHELL ENERGY CORPORATION for a waiver of the salt protection string requirements of Order R-111-P for certain wells, Lea County New Mexico. Applicant seeks authority to delete the salt protection string requirements of Order R-111-P from ten wells to be located in Section 4, T20S, R33E, NMPM, and to be drilled to test for production in the West Teas Yates-Seven Rivers Pool. The subject wells are located south of Highway 180 some 10 miles northeast from the intersection of Highways 176 and 180 and are approximately 8 miles northeast from Laguna Gatuna, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF  
MITCHELL ENERGY CORPORATION FOR WAIVER  
OF SALT PROTECTION STRING REQUIREMENTS  
OF ORDER R-111-P FOR CERTAIN WELLS,  
LEA COUNTY, NEW MEXICO

CASE: 10858

A P P L I C A T I O N

Comes now MITCHELL ENERGY CORPORATION, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for a waiver of the salt protection string requirements of Order R-111-P for certain wells to be subject to the West Teas Yates-Seven Rivers Pool and to be located in Section 4, T20S, R33E, NMPM, Lea County, New Mexico.

In support thereof, Applicant states:

1. Applicant, Mitchell Energy Corporation, has the right to drill and develop the oil and gas minerals underlying all of Section 4, T20S, R33E, N.M.P.M, Lea County, New Mexico.

2. Applicant proposes to test for production in the West Teas Yates-Seven Rivers Pool by drilling ten oil wells, each to an anticipated depth of approximately 3,400 feet, and all located in said Section 4 as follows:

- (1) Anasazi "4" State No. 1,  
Unit N, 330 feet FSL & 1980 feet FWL
- (2) Anasazi "4" State No. 2,  
Unit I, 660 feet FEL & 1650 feet FSL
- (3) Anasazi "4" State No. 3,  
Unit J, 1980 feet FEL & 1650 feet FSL
- (4) Anasazi "4" State No. 4,  
Unit G, 2310 feet FNL & 1980 feet FEL
- (5) Anasazi "4" Federal No. 5,  
Unit K, 1980 feet FWL & 1650 feet FSL
- (6) Anasazi "4" Federal No. 6,  
Unit H, 2150 feet FNL & 660 feet FEL
- (7) Anasazi "4" State No. 9,  
Unit M, 660 feet FWL & 330 feet FSL
- (8) Anasazi "4" State No. 10,  
Unit L, 660 feet FWL & 1650 feet FSL
- (9) Scharbauer "4" No. 2,  
Unit O, 330 feet FSL & 2055 feet FEL
- (10) Scharbauer "4" No. 3,  
Unit P, 660 feet FSL & 660 feet FEL

3. The proposed wells will be located north of and within one mile of the current boundaries of the West Teas Yates- Seven Rivers Oil Pool which was established by Division Order R-1586 effective January 27, 1960 and

is subject to the Division general statewide rules including oil well spacing of 40-acres. See Plat (Exhibit "A").

4. Said Section 4 is located within the current boundaries of the Oil-Potash Area as defined by Division Order R-111-P.

5. Part of Section 4 is State of New Mexico lands and is subject to a potash lease issued to Mississippi Chemical Inc. and consists of NW/4, NW/4SW/4, S/2SW/4, N/2SE/4 and SW/4NE/4. The S/2SE/4 of Section 4 is unleased fee potash. The N/2NE/4 and SE/4NE/4 is unleased federal potash.

6. All of Section 4, with the exception of approximately 20 acres in the NE/4NE/4, is identified as "Barren" on the 1984 Secretary of Interior's Potash Resources Map.

7. Section 4 is NOT located within an "LMR" or a buffer zone as defined by Order R-111-P.

8. Mitchell seeks to have the Division grant an exception from "salt protection string" requirements of Order R-111-P for the ten wells identified and described in paragraph 2 above.

9. A substantial savings in the cost of the subject wells will be realized by deleting the salt protection string for these wells.

10. The deletion of the salt protection string for these wells will not constitute a hazard to any potash deposits in the area nor does it constitute a risk to miner's health or safety.

11. The salt protection string has been deleted by the Bureau of Land Management when a shallow well is to be drilled in this barren area.

12. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Yates-Seven Rivers formation, will prevent the economic loss caused by the drilling of wells with unnecessary salt protection strings and will otherwise prevent waste and protect correlative rights.

13. In accordance with Division Order R-111-P, Applicant has provided notification of this application, with the names and addresses of those parties set forth on Exhibit B.

14. Applicant requests that this matter be set for hearing at the next available Examiner's docket now scheduled for November 4, 1993.

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

Mitchell Energy Corporation  
NMOCD Application  
Page 5

EXHIBIT "B"

Commissioner of Public Lands  
State of New Mexico  
P. O. Box 1148  
Santa Fe, New Mexico 87504  
Attn: Floyd Prando

Bureau of Land Management  
Carlsbad Resources Area  
P. O. Box 1778  
Carlsbad, New Mexico 88220

Bureau of Land Management  
Roswell District Office  
P. O. Box 1397  
Roswell, New Mexico 88202

Oil Conservation Division  
P. O. Box 1980  
Hobbs, New Mexico 88241  
Attn: Jerry Sexton

Mississippi Chemical Corporation  
1996 Potash Mine Road  
Carlsbad, New Mexico 88220

Noranda Exploration, Inc.  
Suite 800  
4 King Street West  
Toronto, Canada M5H3X2

Scharbauer Cattle Company  
P. O. Box 1471  
Midland, Texas 79701



Mitchell Energy Corporation  
NMOCD Application  
Page 6

John R. Anderson  
P. O. Box 136  
Gail, Texas 70738

Roy E. Lee  
600 Goliad Ave.  
Albuquerque, New Mexico 87107

R.D. Lee, Jr. & Leora Lee  
P. O. Box 363  
Lovington, New Mexico 88260

Giles M. Lee & Joie Anderson Lee  
West Star Route, Box 478  
Lovington, New Mexico 88260

Mary Ann Ham  
H.C. 64, Box 22  
Big Lake, Texas 76932

Becky Brooks Christmas  
P. O. Box 173  
Wagon Mound, New Mexico 87752

Elizabeth Forrester Berry  
& Daniel C. Berry, III  
P. O. Box 160  
Eunice, New Mexico 88231

Brookie Lee Green  
& Don Green  
2814 Emerson Place  
Midland, Texas 79701

Malcolm S. Anderson  
2010 46th Avenue #N-3  
Greeley, Colorado 80634

Robert Romero, Executor  
Est. of W. A. Anderson, Jr. Deceased  
8560 Park Lane #25  
Dallas, Texas 75321



20S 33E

X-151-D