

MESA GRANDE RESOURCES, INC.

**1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494**

February 26, 1986

Mr. Richard L. Stamets
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 8838
Non-Standard Spacing for
the Gavilan Oil Pools

Dear Mr. Stamets:

NMOCD Case No. 8838 is set for Examiner Hearing on March 5, 1986. In this case, the Oil Conservation Division seeks exceptions to certain provisions of the Special Rules for the Gavilan Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, authorizing the establishment of seven non-standard oil spacing and proration units in Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, in order to allow for the development of the irregular sections which are situated along the western border of that township. Mesa Grande Resources, Inc., as an operator in the Gavilan Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, and as a major lease holder in the area which will be affected by the subject case, would like to go on record supporting the state's application.

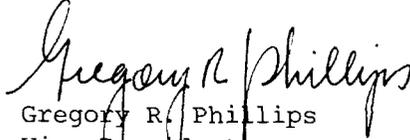
From a geological standpoint, Mesa Grande believes that the proposed creation of the 505+ acre non-standard proration units, and the allowance for the drilling of a second well on those units, will cause a more logical drilling pattern; result in an orderly development program; insure better reservoir management; and prevent the waste of reservoir energy. From the viewpoint of administration, and after considering alternate proposals, we expect this proposal to cause the least disruption of currently existing units and therefore create fewer alterations of agreements in place. In both instances, we feel the correlative rights of all owners of interest have been protected and best served.

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In order to support NMOCD Case No. 8838, we must oppose NMOCD Case No. 8839 as proposed by Jerome P. McHugh. The drainage radius of the wells proposed by the applicant, if drilled to the Gavilan Mancos Oil Pool at the suggested locations, would extend beyond the boundaries of the proposed proration units because of the disparity between the length and width of the units. As stated above, we feel the recommendation of the Oil Conservation Division in Case No. 8838 is appropriate and should be instituted throughout the irregular sections.

Mesa Grande does not plan to have a witness testify at the hearing of Case No. 8838. Therefore, we respectfully request that this letter be accepted as evidence of our support for the Oil Conservation Division's application.

Respectfully Yours,
MESA GRANDE RESOURCES, INC.


Gregory R. Phillips
Vice President

GRP:dw

cc: Jerome P. McHugh
Ernie Busch, Aztec District Office

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TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 24, 1986

50 YEARS



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POST OFFICE BOX 2000
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Ernest L. Busch
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Cases Nos. 8836, 8837, and 8838

Dear Mr. Busch,

The Division requires that written applications be received by the Santa Fe office no later than 10 days prior to the hearings, see General Rule 1203. To date no written applications have been submitted to this office; therefore, the subject cases scheduled for the March 5, 1986 examiners hearing are hereby dismissed.

Sincerely,

Michael E. Stogner
Acting Chief Engineer

MES/et

cc: R. L. Stamets
Jeff Taylor
Frank Chavez