

April 17, 1986

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>McHugh</i>	EXHIBIT NO. <u>1</u>
CASE NO. <u>8878</u>	<u>8839</u>

CERTIFIED - Return Receipt Requested

Addressees
(See attached list)

May 14, 1986
Hearing

Re: Case 8839
Secs. 19 and 30-T25N-R2W
Rio Arriba County, New Mexico

Gentlemen:

On February 10, 1986, Mr. Tom Kellahin of Santa Fe, acting on our behalf, filed an application with the New Mexico Oil Conservation Division for two non-standard proration units in Sections 19 and 30, Township 25 North, Range 2 West.

Our case was continued until yesterday, April 16, 1986, at which time the hearing was held before Mr. David Catanach.

This letter is to inform you that the case will again be readvertised until the next hearing scheduled for May 14, 1986.

The purpose for the readvertisement is due to the fact that we are proposing to move the requested location in Section 30 from 660' FSL and FEL to 1,420' FSL and 660' FEL inasmuch as our original location was in Gavilan Lake. We did not discover this oversight until recently, and requested in our presentation yesterday that the location be moved. Mr. Catanach advised that he had no objection to said revised location but under New Mexico statute he must ask us to readvertise the case with the new location.


Please let this letter serve as formal notice that the previous application stands as presented with the exception of the Section 30 location being moved to 1,420 FSL and 660' FEL.

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111

Addressees
April 17, 1986
Page Two

Each of you will have the right to comment on said relocation at the May 14th hearing if you so desire.

Very Truly Yours,



Kent C. Craig

KCC/rm

cc: Karen Aubrey

ADDRESSEES

Dugan Production Corp.
P. O. Box 208
Farmington, New Mexico 87499

Mountain States Natural Gas Corp.
P. O. Box 35426
Tulsa, Oklahoma 74135

Reading & Bates Petroleum Co.
3200 Mid-Continent Tower
Tulsa, Oklahoma 74103

Kenai Oil and Gas Inc.
One Barclay Plaza
1675 Larimer Street, Suite 500
Denver, Colorado 80202

E. Alex Phillips
1200 Philtower Building
Tulsa, Oklahoma 74103

Tenneco Oil Company
P. O. Box 3245
Englewood, Colorado 80155
Attention: Millard Carr

Conoco Inc.
P. O. Box 460
Hobbs, New Mexico 88240
Attention: Hugh Ingram

Mobil Producing Texas and New Mexico Inc.
9 Greenway Plaza, Suite 2700
Houston, Texas 77046

PS Form 3811, July 1982

- **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70 \$
☐ Show to whom, date, and address of delivery .. \$
2. ☐ **RESTRICTED DELIVERY** \$
(The restricted delivery fee is charged in addition to the return receipt fee.)
TOTAL \$.70

3. **ARTICLE ADDRESSED TO:**
Kenai Oil and Gas Inc.
1675 Larimer St., Suite 500
Denver, CO 80202

- | | | |
|---|--|-------------------------------------|
| 4. TYPE OF SERVICE:
<input type="checkbox"/> REGISTERED
<input checked="" type="checkbox"/> CERTIFIED
<input type="checkbox"/> EXPRESS MAIL | <input type="checkbox"/> INSURED
<input type="checkbox"/> COD | ARTICLE NUMBER
P121800538 |
|---|--|-------------------------------------|

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent

5. **DATE OF DELIVERY**
4-18-86

POSTMARK
(may be on reverse side)

6. **ADDRESSEE'S ADDRESS** (Only if requested)

7. **UNABLE TO DELIVER BECAUSE:**

7a. **EMPLOYEE'S INITIALS**

RETURN RECEIPT

PS Form 3811, July 1982

- **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70 \$
☐ Show to whom, date, and address of delivery .. \$
 2. ☐ **RESTRICTED DELIVERY** \$
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$.703. **ARTICLE ADDRESSED TO:**

Reading & Bates Petroleum Co.
3200 Mid-Continent Tower
Tulsa, Oklahoma 74103

4. **TYPE OF SERVICE:**

- ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER

P121800537

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent*[Signature]*5. **DATE OF DELIVERY**

4-21-86

POSTMARK
(may be on reverse side)

1986

6. **ADDRESSEE'S ADDRESS** (Only if requested)7. **UNABLE TO DELIVER BECAUSE:**7a. **EMPLOYEE'S INITIALS**

RETURN RECEIPT

* GPO: 1982-379-593

PS Form 3811, July 1982

- **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70 \$
☐ Show to whom, date, and address of delivery .. \$
 2. ☐ **RESTRICTED DELIVERY** \$
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$.703. **ARTICLE ADDRESSED TO:**

Mountain States Natural Gas Corp
P. O. Box 35426
Tulsa, Oklahoma 74135

4. **TYPE OF SERVICE:**

- ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER

P121800536

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent*[Signature]*5. **DATE OF DELIVERY**POSTMARK
(may be on reverse side)6. **ADDRESSEE'S ADDRESS** (Only if requested)7. **UNABLE TO DELIVER BECAUSE:**7a. **EMPLOYEE'S INITIALS**

RETURN RECEIPT

* GPO: 1982-379-593

PS Form 3811, July 1982

- **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70 \$
☐ Show to whom, date, and address of delivery .. \$
 2. ☐ **RESTRICTED DELIVERY** \$
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$.703. **ARTICLE ADDRESSED TO:**

Hugh Ingram
Conoco Inc.
P. O. Box 460
Hobbs, NM 88240

4. **TYPE OF SERVICE:**

- ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER

P121800541

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent*[Signature]*5. **DATE OF DELIVERY**POSTMARK
(may be on reverse side)6. **ADDRESSEE'S ADDRESS** (Only if requested)7. **UNABLE TO DELIVER BECAUSE:**7a. **EMPLOYEE'S INITIALS**

RETURN RECEIPT

* GPO: 1982-379-593

PS Form 3811, July 1982

- **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70 \$
☐ Show to whom, date, and address of delivery .. \$
 2. ☐ **RESTRICTED DELIVERY** \$
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$.703. **ARTICLE ADDRESSED TO:**

E. Alex Phillips
1200 Philtower Building
Tulsa, Oklahoma 74103

4. **TYPE OF SERVICE:**

- ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER

P121800539

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent*[Signature]*5. **DATE OF DELIVERY**POSTMARK
(may be on reverse side)6. **ADDRESSEE'S ADDRESS** (Only if requested)7. **UNABLE TO DELIVER BECAUSE:**7a. **EMPLOYEE'S INITIALS**

RETURN RECEIPT

Form 3811, July 1982

- SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70¢
☐ Show to whom, date, and address of delivery .. ¢
 2. ☐ RESTRICTED DELIVERY ¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)
 TOTAL \$.70

3. ARTICLE ADDRESSED TO: Millard Carr
Tenneco Oil Company
P. O. Box 3245
Englewood, CO 80155

4. TYPE OF SERVICE: ARTICLE NUMBER
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD P121800540
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☒ Authorized agent

5. DATE OF DELIVERY 4-18-86 POSTMARK (may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

* GPO: 1982-379-593

RETURN RECEIPT

PS Form 3811, July 1982

- SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70¢
☐ Show to whom, date, and address of delivery .. ¢
 2. ☐ RESTRICTED DELIVERY ¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)
 TOTAL \$.70

3. ARTICLE ADDRESSED TO: Dugan Production Corp.
P. O. Box 208
Farmington, NM 87499

4. TYPE OF SERVICE: ARTICLE NUMBER
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD P121800535
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☒ Authorized agent

5. DATE OF DELIVERY 4-21-86 POSTMARK (may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

* GPO: 1982

RETURN RECEIPT

Form 3811, July 1982

- SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70¢
☐ Show to whom, date, and address of delivery .. ¢
 2. ☐ RESTRICTED DELIVERY ¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)
 TOTAL \$.70

3. ARTICLE ADDRESSED TO: Ginger Bergin
ARCO Oil and Gas Company
P. O. Box 1610
Midland, TX 79702

4. TYPE OF SERVICE: ARTICLE NUMBER
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD P121800543
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☒ Authorized agent

5. DATE OF DELIVERY 4-21-86 POSTMARK (may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT

PS Form 3811, July 1982

- SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered70¢
☐ Show to whom, date, and address of delivery .. ¢
 2. ☐ RESTRICTED DELIVERY ¢
 (The restricted delivery fee is charged in addition to the return receipt fee.)
 TOTAL \$.70

3. ARTICLE ADDRESSED TO: Mobil Texas & New Mexico Inc.
9 Greenway Plaza, Suite 2700
Houston, TX 77046

4. TYPE OF SERVICE: ARTICLE NUMBER
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD P121800542
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☒ Authorized agent

5. DATE OF DELIVERY 4/21/86 POSTMARK (may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT

PS Form 3811, July 1983 447-945

SENDER: Cx		L, 3 and 4.
Put your address ETURN TO space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.		
1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.		
2. <input type="checkbox"/> Restricted Delivery.		
3. Article Addressed to: Mobil Producing Texas & NM Inc. 9 Greenway Plaza, Suite 2700 Houston, Texas 77046		
4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured <input type="checkbox"/> COD	Article Number P131072078
Always obtain signature of addressee or agent and DATE DELIVERED.		
5. Signature - Addressee X		
6. Signature - Agent X <i>Thome</i>		
7. Date of Delivery <i>2/1/84</i>		
8. Addressee's Address (ONLY if requested and fee paid)		

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>Jerome P. McHugh</i>	EXHIBIT NO. <u>1</u>
CASE NO:	<u>8839</u>

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☒ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Kenai Oil & Gas Inc.
1675 Larimare St., Suite 500
Denver, Colorado 80202

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P131072074

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
FEB 13 1986

8. Addressee's Address (ONLY if requested and fee paid)

Jerome P. McHugh 3/5/86

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Jerome P. McHugh EXHIBIT NO. 1

CASE NO: 8639

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.	
1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.	
2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: Conoco Inc. Attn: Hugh Ingram P. O. Box 460 Hobbs, New Mexico 88240	
4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number P131072077
Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u>	
5. Signature - Addressee X <i>A. Riddle</i>	
6. Signature - Agent X	
7. Date of Delivery - FEB 17 1985	
8. Addressee's Address (ONLY if requested and fee paid) <i>FEB 13 1985</i>	

Jerome P. McHugh 3/5/86

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION	
<i>Jerome P. McHugh</i>	EXHIBIT NO. <u>1</u>
CASE NO:	<u>8839</u>

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☒ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Reading & Bates Petroleum Co.
3200 Mid Continent Tower
Tulsa, Oklahoma 74103

4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number P131072073
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Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *R & B*

6. Signature - Agent
X *Turner*

7. Date of Delivery
2-14-86

8. Addressee's Address (ONLY if requested and fee paid)
*1700 Mid Cont. Tower
TULSA OK 74103*

Jerome P. McHugh 3/5/86

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
Jerome P. McHugh EXHIBIT NO. 1
CASE NO. 8839

PS Form 3811, July 1983 447-848

SENDER: Complete items 1, 2, 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.	
1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.	
2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: Alex E. Phillips 1200 Phil Tower Building Tulsa, Oklahoma 74103	
4. Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	Article Number P131072075
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X <i>Alex E Phillips</i>	
6. Signature - Agent X <i>[Signature]</i>	
7. Date of Delivery <i>2-13-86</i>	
8. Addressee's Address (ONLY if requested and fee paid) <i>Same as above</i>	

Jerome P. McHugh 3/5/86

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION	
<i>Jerome P. McHugh</i>	EXHIBIT NO. <u>1</u>
CASE NO. <u>8839</u>	

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☒ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:

Mountain States Natural Gas
P. O. Box 35426
Tulsa, Oklahoma 74135

4. Type of Service:

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number
P131072072

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee
X Please Put the right *1/11*

6. Signature - Agent
X *next time!!!*

7. Date of Delivery
1/11/86

8. Addressee's Address (ONLY if requested and fee paid)
Box 35426
TULSA OK 74153

Jerome P. McHugh 3/5/86

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
Jerome P. McHugh EXHIBIT NO. 1
CASE NO. 8839

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.	
1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.	
2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: Dugan Production Corporation P. O. Box 208 Farmington, NM 87499	
4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number <input type="checkbox"/> Insured <input type="checkbox"/> COD P131072071
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X <i>Harri Adornas</i>	
6. Signature - Agent X	
7. Date of Delivery 2-12-86	
8. Addressee's Address (ONLY if requested and fee paid)	

Jerome P. McHugh 3/5/86

DOMESTIC RETURN RECEIPT

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>Jerome P. McHugh</i>	EXHIBIT NO. <u>1</u>
CASE NO. <u>8839</u>	

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
Jerome P. McHugh	EXHIBIT NO. 2
CASE NO. 8839	

April 9, 1986

ARCO Oil and Gas Co.
P. O. Box 1610
Midland, Texas 79702

Attention: Ginger Bergin

Re: Non-Standard Proration Units
Secs. 19 & 30-T25N-R2W
Rio Arriba County, New Mexico

Gentlemen:

In speaking with Jerome P. McHugh Jr. yesterday, he informed me that ARCO had not received notification of our application for non-standard proration units as to Sections 19 and 30, Township 25 North, Range 2 West.

Enclosed is a copy of the docket from the NMOCD for a hearing originally set for March 19, 1986.

Note, under Case 8854, the Oil Conservation Commission under its own initiative proposed that the Sections 6, 7, 18, 19, 30, and 31, Township 25 North, Range 2 West be combined with the W/2 of each respective east offset, being the W/2 of Sections 5, 8, 17, 20, 29, and 32, for a 500 acre unit, more or less, with a two well allowable.

In light of the fact that we have a producing well in the W/2 of Section 20 and two wells in Section 29, spaced in the N/2 and S/2, we find that the Commission proposal is unacceptable.

The Commission is attempting to combine non-producing, undeveloped acreage with three producing wells which we currently have. The owners of the producing leases would come under our wells risk free.

Note on page 2 of the docket where our Case 8839 is proposed. We are asking the Commission to leave our producing wells as is and space Sections 19 and 30, being 186 acres each, more or less, by themselves. McHugh having an interest in both Sections 19 and 30 would agree to reduce our allowables, if drilled and productive, by a factor of 186 acres/320 acres.

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111

ARCO Oil and Gas Co.

April 9, 1986

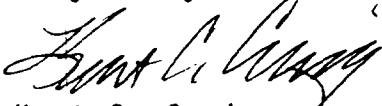
Page Two

We feel our proposal is equitable and just inasmuch as the current owners of the producing wells are not penalized by dilution of their interests while the parties owning the undeveloped acreage are free to drill their own wells and produce on a reduced allowable basis.

We would certainly appreciate ARCO's support in the form of a letter to the Commission agreeing to our proposal.

Please feel free to call me at (303) 321-2111 should you have any questions. Our case is scheduled to be heard next Wednesday, April 16th in Santa Fe.

Very Truly Yours,



Kent C. Craig

KCC/rm

enclosure

HUNT WALKER
P. O. BOX 2409
DENVER, COLORADO 80201-2409
(303) 298-1156

April 8, 1986

New Mexico Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501-2088

DATE	FILED
CO. OF PLAT	SECTION
JEROME P. McHugh	
EQUIPMENT NO.	3
CASE NO.	8839

RE: Case #8854, #8839
Non-Standard Spacing Proposals
Rio Arriba County, New Mexico
Gavilan Mancos Field
Loddy #1 Well
Township 25 North, Range 2 West
Section 20: W/2.

Gentlemen:

I am the owner of Walker Energy Company, which owns a working interest in the Loddy #1 well referenced above. I am writing you to let you know how strongly I disapprove of your non-standard spacing proposal (Case #8854) that is coming up for a hearing on April 16th. The Loddy #1 was spudded in July of 1985 by Jerome P. McHugh as operator. I am a small operator and participated in the well for a 17.71% working interest, which at the time it was drilled, was the furthest west Gallup Mancos test in the Gavilan area (25N-2W). We drilled the well based on the 320 acre well spacing in force at the time and approved by the New Mexico Oil Conservation Division. The well has been completed as a discovery, and will produce oil and gas.

If I understand your proposal (case #8854), you are going to space in the four lots in section 19 comprising 186.76 acres into our well, creating a 506.76 acre spacing unit, and allowing for two wells. This would reduce my working interest in the Loddy #1 to 11.18%. I'd like you to know that I took a tremendous risk in drilling the Loddy well, and I drilled it under the field rules that were in force at that time. Now that the Loddy well is a producer, you are coming to me and proposing that I have to reduce my interest by 37%, and let another company, that took absolutely no risk in the well, come in for a 37% interest? Somehow that doesn't seem very fair to me. If we had drilled a dry hole instead of a producer, and you approved these special field rules, would I be able to go to the working interest owners of section 19 and ask for 37% of my money back?

I would like to support the proposal by Jerome P. McHugh (case #8839), which seems to treat the spacing problem in a more equitable manner. Let the working interest owners of section 19 drill their own well, and if they can make a producer out of it, produce the well at an allowable of 186.76/320th's. McHugh's proposal seems to be much more equitable than giving a total "free ride" to the working interest owners of section 19.

I urge you to drop your special field rules proposal (#8854) regarding sections 19 and 20, and adopt McHugh's proposed rules (#8839). I think you have every right to change spacing rules up until the point a well is spudded; any changes after that point are unfair and are like changing the rules in the middle of the game.

If I can give you any more information that would help you decide these cases, I would be happy to do so.

Thank you for this opportunity to express my point of view.

Very truly yours,

Hunt Walker

cc: Mr. Kent Craig
Jerome P. McHugh and Assoc.
600 South Cherry Street
Suite 1225
Denver, CO 80222

K 3 W

R 2 W

12

7

8

9

MG M1
⊙

BB
⊙

13

18

17

16

MG B1
⊙

Proposed alluvial
to rechannel 187 acres
320 acres

E. Brook
No objection
Arco

24

1. 46.64
2. 46.67
3. 19 46.70
4. 46.74
Arco
fee

20

J3
⊙

21

J2
⊙

T
25
N

25

1. 46.78
2. 46.81
3. 37.5
4. 30 46.85
5. 37.5
4. 46.88
37.5
Kenai
Deyan
McIn

29

ET
⊙

28

FS 2
⊙

NS 2
⊙

36

31

32

33

34

M 8-34
⊙

DDO
⊙

NS 3
⊙

HR
⊙

R 3 W

R 2 W



CURRENT SPACING UNIT



PROPOSED NON-PROP. UNIT



unimproved land

5

CASE 8839
SECTIONS 19 & 30 - T25N-R2W
RIO ARRIBA CO., N. MEXICO

Exhibit 4

FULL SAIL #1
S/2 of Sec. 29-25N-2W

	CURRENT UNITS 320.00 Ac.		NMOCD UNIT 413.73 Ac.	
	<u>W.I.</u>	<u>NRI.</u>	<u>W.I.</u>	<u>NRI.</u>
McHugh	87.5%	70.375%	76.170%	71.060%
Dugan	12.5%	10.594%	12.50%	10.553%
Kenai	-0-	-0-	11.33%	9.550%
Royalty Owners	-0-	12.75%	-0-	9.862%
New Roy. Owners	-0-	-0-	-0-	2.832%
ORR Owners	-0-	5.625%	-0-	4.351%
New ORR Owners	-0-		-0-	.651%

DEPARTMENT OF REVENUE OIL AND GAS DIVISION JEROME P. McHugh 8839	5
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FULL SAIL #3
N/2 of Sec. 29-25N-2W

	CURRENT UNITS 320.00 Ac.		NMOCD UNIT 413.59 Ac.	
	<u>W.I.</u>	<u>NRI.</u>	<u>W.I.</u>	<u>NRI.</u>
McHugh	43.75%	36.766%	45.164%	37.072%
Dugan	12.50%	10.625%	12.50%	10.685%
Kenai	43.75%	36.968%	42.336%	38.347%
Royalty Owners	-0-	13.50%	-0-	10.445%
New Roy. Owners	-0-	-0-	-0-	2.828%
ORR Owners	-0-	1.1406%	-0-	.882%
New ORR Owners	-0-	-0-	-0-	.198%

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>Jerome P. McHugh</u>	EXHIBIT NO. <u>6</u>
CASE NO. <u>8839</u>	

LODDY #1
W/2 of Sec. 20-25N-2W

CURRENT UNITS
320 Ac.

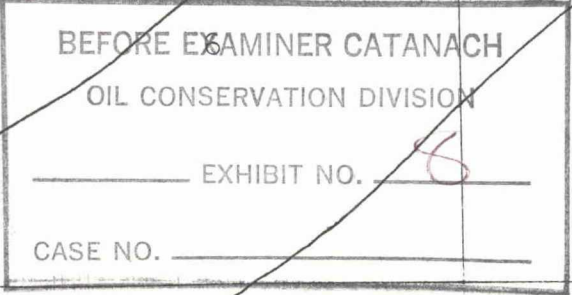
NMOCD UNIT
506.76 Ac.

	<u>W.I.</u>	<u>NRI.</u>	<u>W.I.</u>	<u>NRI.</u>
McHugh	51.432%	42.275%	39.392%	32.72%
Dugan	10.286%	8.496%	8.800%	7.373%
Kenai	20.573%	16.786%	22.211%	18.541%
Walker Energy	17.708%	14.757%	11.182%	9.318%
A. Phillips	-0-	-0-	17.492%	14.781%
Arriba Co.	-0-	-0-	.921%	.778%
Royalty Owners	-0-	17.274%	-0-	10.908%
New Roy. Owners	-0-	-0-	-0-	2.302%
ORR Royalty Owners	-0-	.411%	-0-	.260%
New ORR Owners	-0-	-0-	-0-	.552%

clear not included in study well on east

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
JEROME P.
McHugh EXHIBIT NO. 7
CASE NO. 8839

STRUCTURE MAP
GAVILAN POOLS



CONTOUR INTERVAL: 50 feet
DATUM: sea level

R 3 W

R 2 W

JEROME P. MCHUGH

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 9

CASE NO. _____

CROSS - SECTION
LOCATION MAP

15

14

13

18

17

16

15

A P3A

D H5

M6 B1

BB

RB H43

Gavilan

T 25 N

A 61

L

J3

J2

M6 B1

22

23

24

19

20

21

22

A H1

A 61

PROPOSED NON - STANDARD
PRORATION UNITS

A H2

A L2

27

26

25

30

29

28

27

Arco 1-Leeson
A L1

Cross - Section

PROPOSED
LOCATION

FS 1

FS 2

NS 2

A 61

1-Full Sat1

2-Full Sat1

2-Native Son

S 61

M 8-34

SCALE: 1" = 2000'

DDO

NS 1

34

35

36

31

32

33

34

1
N

NS 3

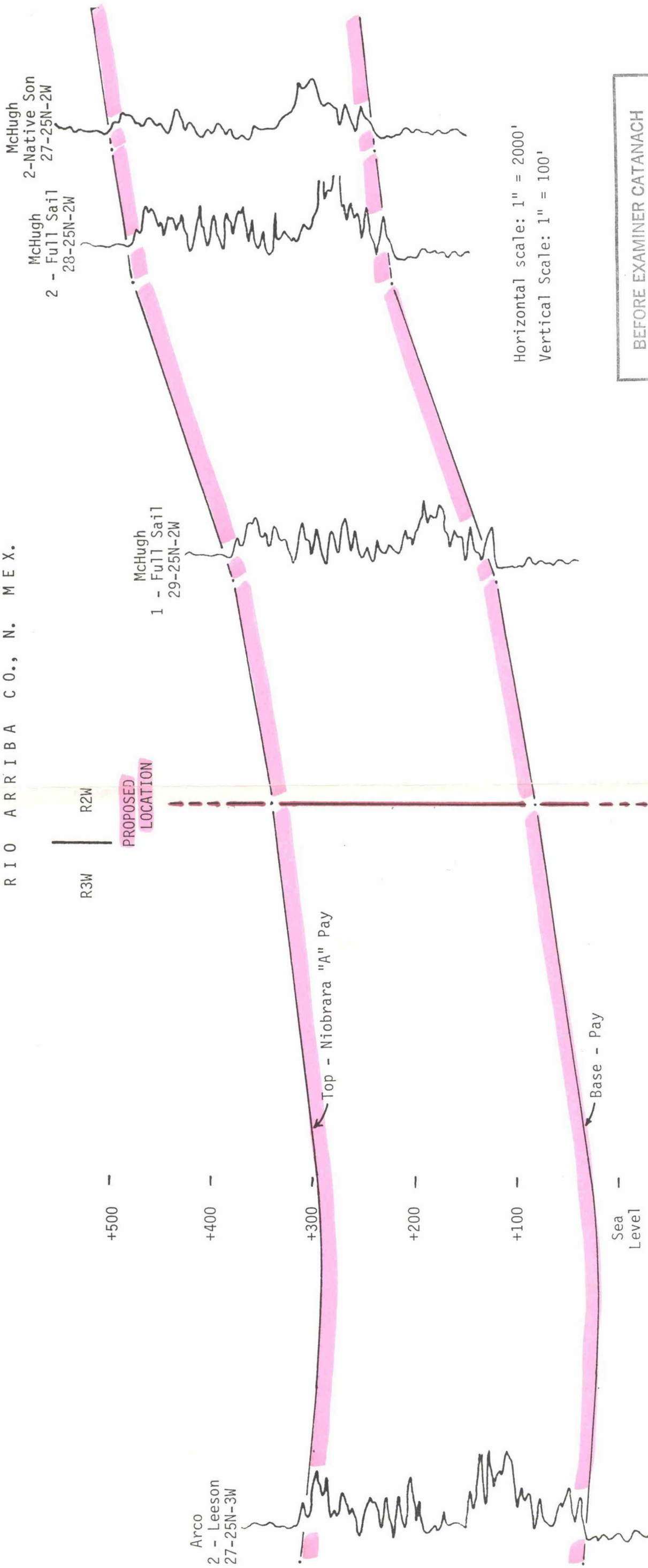
STRUCTURAL CROSS-SECTION

GAVILAN POOL

RIO ARRIBA CO., N. MEX.

WEST

EAST



Horizontal scale: 1" = 2000'
Vertical Scale: 1" = 100'

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 10

CASE NO. _____

JEROME P. McHUGH

PROPOSED NON-STANDARD
PRORATION UNITS
GAVILAN POOLS

T 25 N

187-acre radial drainage area

PROPOSED NON-STANDARD
PRORATION UNITS
(with pro-rated allowables)

PROPOSED
LOCATIONS

187-acre radial drainage area

Proposed Non-Standard Proration Units:

Total overlap: 28 acres
Total overlap not contributing to
compensatory drainage: 14 acres
Average non-contributory acreage
per non-standard well: 7 acres (4%)
Net uncompensated acreage per
proration unit: Sec. 19: 13 acs. (7%)
Sec. 30: 1 ac. (1%)

R 3 W

R 2 W

T 24 N

N

SCALE: 1" = 2000'

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 11

CASE NO.

320-acre radial drainage area

Existing Proration Unit Boundaries

Existing separation between wells

Go

22

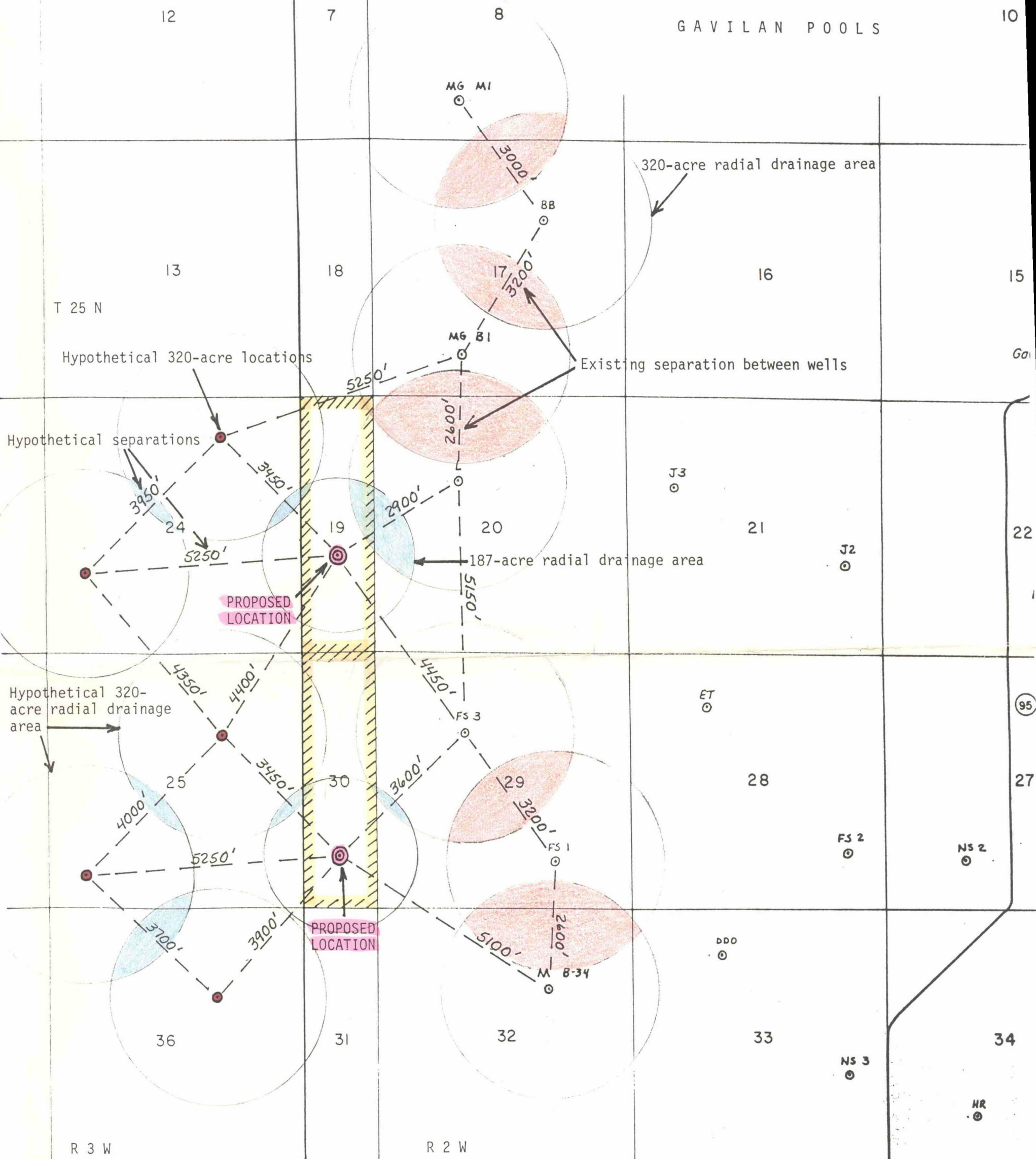
95

27

34

3

JEROME P. McHUGH
PROPOSED NON-STANDARD
PRORATION UNITS
GAVILAN POOLS



BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. 12

CASE NO.