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RECEIVED

August 29, 1986

AUG 29 1986

OIL CONSERVATION DIVISION

R. L. Stamets, Director  
Oil Conservation Division  
New Mexico Department of  
Energy & Minerals  
State Land Office Building  
Santa Fe, New Mexico 87501

HAND DELIVERED

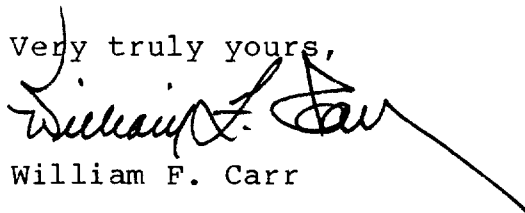
Re: Oil Conservation Division Cases 8995 and 8996: Application of Mesa Grande Resources, Inc. for Approval of Two Non-Standard Proration and Spacing Units and Two Unorthodox Well Locations, Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico

Dear Mr. Stamets:

Enclosed is the application of Mesa Grande Resources, Inc. in the above-referenced matter. It is my understanding that this application has been advertised as two cases and has been included in the Oil Conservation Commission's September 18, 1986 docket.

Your attention to this matter is appreciated.

Very truly yours,



William F. Carr

WFC/ba  
enclosure

BEFORE THE  
OIL CONSERVATION COMMISSION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

AUG 28 1986

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF MESA GRANDE RESOURCES, INC. FOR  
APPROVAL OF TWO NON-STANDARD PRORATION  
AND SPACING UNITS AND TWO UNORTHODOX  
WELL LOCATIONS, GAVILAN-MANCOS OIL  
POOL, RIO ARriba COUNTY, NEW MEXICO

Case 8995

APPLICATION

Comes now, MESA GRANDE RESOURCES, INC., by and through its undersigned attorneys, and pursuant to the rules and regulations of the Oil Conservation Division, hereby seeks approval of the following unorthodox well locations and non-standard proration and spacing units in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico:

(1) A non-standard spacing unit of 185.84 acres, more or less, consisting of Lots 1, 2, 3 and 4 of Section 7, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico to be dedicated to a well to be drilled at a location 1700 feet from the North line and 600 feet from the East line of said Section 7; and

(2) A non-standard spacing unit of 186.36 acres, more or less, consisting of Lots 1, 2, 3 and 4 of Section 18, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico to be dedicated to a well to be drilled at a location 1920 feet from the North line and 720 feet from the East line of said Section 18.

In support of its application, Mesa Grande Resources, Inc. would show the Commission:

1. Applicant is an owner and operator in the area and has the right to drill and develop the two non-standard proration units which are the subject of this application.

2. The proposed non-standard spacing units are necessary because of a governmental survey which created the western side of the subject township with sections of less than 640 acres.

3. Applicant has already developed certain nearby sections by drilling Gavilan-Mancos Oil Pool wells on 320-acre spacing units.

4. In order to protect correlative rights, applicant proposes that each of the subject non-standard spacing units be authorized 50% of the allowable for a standard 320-acre unit.

5. That said Section 7 and Section 18, each can be drilled and developed by a voluntary agreement among the owners in those sections.

6. That the inclusion of either said Section 7 or Section 18 with acreage in any adjoining section will result in the formation of a spacing unit in excess of 320-acres and will violate correlative rights.

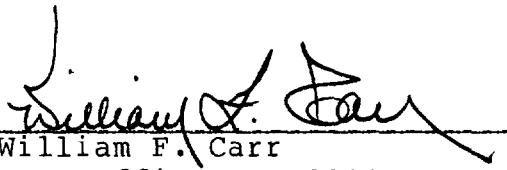
7. That in order to resolve the governmental survey problem with the subject sections, the most equitable method would be to approve each said section as a separate non-standard unit, authorize the development of each unit with a well at the proposed unorthodox location and then restrict the allowable for Gavilan-Mancos wells drilled on these sections.

WHEREFORE, applicant requests that this matter be set for hearing before the full Commission on September 18, 1986 and that after notice and hearing, the application be granted as requested.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By

  
William F. Carr

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ATTORNEYS FOR MESA GRANDE  
RESOURCES, INC.