



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

September 18, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501-2088
(505) 827-5800

Mr. Joe D. Ramey
P. O. Box 6016
Hobbs, N.M. 88241

RE: CASE NO. 8954, ORDER NO. R-8301

Dear Mr. Ramey:

In accordance with our conversation in Hobbs and your letter of September 12, Osborn Heirs Company may delay running the cement bond log called for under the terms of Order No. R-8301. This authority shall persist so long as the well remains injecting on a vacuum, or until the well is pulled or the log is requested by the OCD-Hobbs district supervisor.

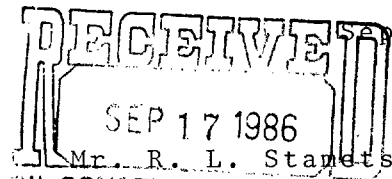
Sincerely,

R. L. STAMETS
Director

RLS:dp

cc: Jerry Sexton ✓
Case 8954 ✓

JOE D. RAMEY
P. O. BOX 6016
HOBBS, NEW MEXICO 88241



September 12, 1986

OIL CONSERVATION DIVISION
P. O. BOX 2088
Santa Fe, New Mexico 79701

Dear Mr. Stamets:

One of the provisions of Division Order No. R-8301 required a cement bond log be run before commencing injection into the subject well.

This case was heard on August 6, 1986, and an expedited order was requested since the former disposal well had experienced mechanical difficulties. I checked with Mr. Stogner several times to determine if he had any problem with the case and what was causing the delay. At no time did he indicate he would write other than a standard disposal order.

Osborn has equipped the well and to be required to run a bond log at this time would involve considerable time and expense.

Therefore, as per our conservation in the Hobbs office this date, Osborn is requesting permission to waive the requirements of a bond log at this time. We agree with Mr. Sexton's suggestion that when the well will no longer accept water on a vacuum, we will run a tracer survey. If and when the tubing and packer is pulled from the well, Osborn will then run the required cement bond log.

Thank you for your assistance in this matter.

Yours very truly,

Joe D. Ramey

cc: Mr. Mike Stevenson
Osborn Heirs Company
P. O. Box 17986
San Antonio, TX 78286

APR 10 1986

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

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,

A handwritten signature in cursive script, appearing to read "Hunt Walker".

Hunt Walker

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