

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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WILLIAM F. CARR
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PATRICIA A. MATTHEWS
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JACK M. CAMPBELL
OF COUNSEL

HAND-DELIVERED

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TELEPHONE: (505) 988-4421
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October 1, 1993

Case 10847

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

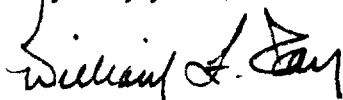
Re: In the Matter of the Application of Mitchell Energy Corporation for an Exception to Rule (2) of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool, to allow a second well on a proration unit, or in the alternative, to establish infill drilling procedures for said pool, Lea County, New Mexico

Dear Mr. LeMay:

Nearburg Producing Company is an operator in the North Osudo-Morrow Gas Pool which could be affected by the above-referenced application. Nearburg has no objection to Mitchell Energy Corporation's request for an Exception to Rule (2) of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool to allow a second well to be drilled on the existing 640-acre spacing and proration unit comprised of Section 30, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Nearburg Producing Company, however, would oppose an amendment to the Pool Rules to establish infill drilling and procedures for said pool.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR NEARBURG PRODUCING COMPANY
WFC:mlh

cc: Mr. Joe Fitzgerald
W. Thomas Kellahin, Esq.

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

IN THE MATTER OF THE APPLICATION
OF MITCHELL ENERGY CORPORATION
FOR AN EXCEPTION TO RULE (2) OF THE
SPECIAL RULES AND REGULATIONS
FOR THE NORTH OSUDO-MORROW GAS POOL
TO ALLOW A SECOND WELL ON A
PRORATION UNIT, OR IN THE ALTERNATIVE
TO ESTABLISH INFILL DRILLING
PROCEDURES FOR SAID POOL,
LEA COUNTY, NEW MEXICO.

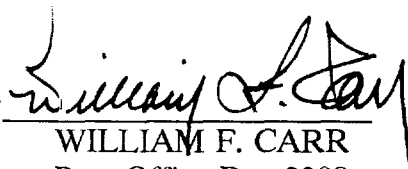
CASE NO. 10847

ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Nearburg Producing
Company.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

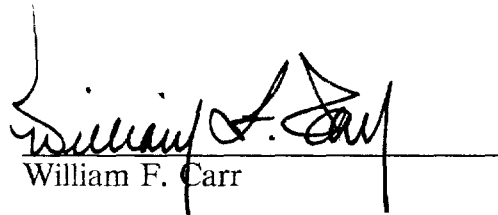
By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR NEARBURG PRODUCING
COMPANY

CERTIFICATE OF MAILING

I hereby certify that on this 1st day of October, 1993, I have caused to be mailed a copy of our Entry of Appearance in the above-captioned case to:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504


William F. Carr

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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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)

September 13, 1993

HAND DELIVERED

William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Application of Mitchell Energy Corporation
for Simultaneous Dedication for in the Alternative
for Infill Drilling in North Osudo-Morrow Gas Pool,
Lea County, New Mexico

Dear Mr. LeMay:

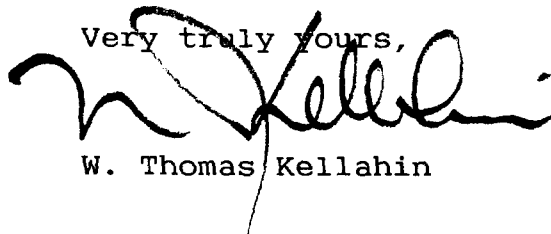
On behalf of Mitchell Energy Corporation, please find enclosed our referenced application for a hearing. We request that this case be set for hearing on the next available Examiner's docket now scheduled for October 7, 1993. Also enclosed is our suggested advertisement for the NMOCD docket.

By copy of this letter and application, sent certified mail-return receipt requested, we are notifying all interested parties offsetting the subject spacing unit and the other operators in the pool of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mitchell Energy Corporation
August 13, 1993
Page 2.

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, August 27, 1993, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a long, sweeping horizontal stroke extending to the right.

W. Thomas Kellahin

cc: Mitchell Energy Corporation

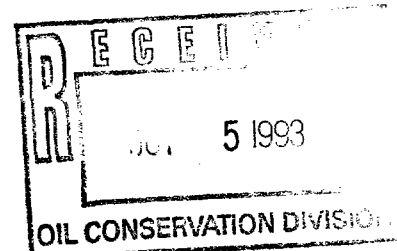
OIL CONSERVATION DIVISION

PROPOSED NOTICE FOR DOCKET

CASE 16841: Application of Mitchell Energy Corporation for Simultaneous Dedication or in the alternative to establish Infill Drilling Procedures for the North Osudo-Morrow Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an exception to Rule 2 of the Special Rules and Regulations of the North Osudo-Morrow Gas Pool, Lea County, New Mexico, to allow an existing 640-acre gas spacing and proration unit comprising Section 30, T20S, R36E to be simultaneously dedicated to a proposed well at a standard well location in the SW/4 (Unit K) of said Section 30 and to an existing well in Unit A of said Section 30 or in the alternative for an order amending Rule 2 for said pool to provide that a second well may be drilled within a standard 640-acre spacing unit but on a governmental quarter section not containing a first well. The North Osudo-Morrow Gas Pool is located approximately seven miles north of Oil Center, New Mexico.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



CASE NO. 10847

APPLICATION OF MITCHELL ENERGY CORPORATION
TO ESTABLISH INFILL DRILLING FOR THE NORTH
OSUDO-MORROW GAS POOL, OR FOR AN EXCEPTION
TO RULE (2) TO ALLOW A SECOND WELL ON A UNIT,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MITCHELL
ENERGY CORPORATION as required by the Oil Conservation
Division.

APPEARANCE OF PARTIES

APPLICANT

Mitchell Energy Corp.
P. O. Box 4000
The Woodlands, Texas 77387
Attn: Mark Stephenson
(713) 377-5818

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT:

The North Osudo-Morrow Gas Pool was established by Order R-2937 issued July 13, 1965 and provided for 640-acre spacing which was made permanent by Order R-3305-A issued August 13, 1968.

Mitchell Energy Corporation seeks the adoption of infill drilling provision for the pool which would allow a second gas well to be simultaneously dedicated to a 640-acre spacing unit and to be produced concurrently with the initial well.

Mitchell's geologic evidence will show that the Morrow interval contains multiple sand members which vary in thickness and in lateral extent such that one well per 640-acre well spacing unit is not adequate to properly develop the pool.

Mitchell's engineering evidence will show that the acreage drainage area calculated for seven wells in the pool was 182 acres with individual well's recovery ranging from 11 acres to a maximum of 418 acre per well.

At least two wells per section are necessary in order to encounter the various sand members of the Morrow formation underlying the spacing units and two wells per section are necessary in order to recover gas which might otherwise not be recovered.

An Infill Drilling provision rather than "down-spacing" to 320-acre will afford protection to correlative rights.

Pre-Hearing Statement
Case No. 10847
Page 3

PROPOSED EVIDENCE


APPLICANT

| WITNESSES | EST. TIME | EXHIBITS |
|--------------------------|-----------|-----------------|
| Dave Alderks (geologist) | 30 min. | est. 7 exhibits |
| Carl Richard (P.E.) | 20 Min. | est. 2 exhibits |
| Don McClung (landman) | 10 Min. | est. 2 exhibits |

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin
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KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

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TELEFAX (505) 982-2047

JASON KELLAHIN RETIRED 1991

FACSIMILE COVER SHEET

DATE: November 5, 1993
TIME: 1:02PM
TO: David Catanach
FROM: W. Thomas Kellahin, Esq.
OF: OCE
SPECIAL INSTRUCTIONS:
FAX NO: 827-5741
RE: OCE Case 10847
North Osudo Morrow Pool

NUMBER OF PAGES: -1-
(including cover sheet)

URGENT
XXXX FOR YOU INFORMATION
FOR YOUR REVIEW
FOR YOUR APPROVAL
FOR YOUR REPLY
PER YOUR REQUEST

MESSAGE: David: Mitchell Energy has advised me that they
have discussed the infill well request with
Nearburg and that Nearburg has no opposition
to making the infill rule change for the whole
pool provided it is optional and not an
obligation.

Call me if you need anything

Regards,

Tom

A HARD COPY _____ WILL XXX WILL NOT FOLLOW BY U.S. MAIL.

The information contained in this Facsimile Message and Transmission is ATTORNEY PRIVILEGED AND CONFIDENTIAL information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this Facsimile Transmission in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.
