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Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

RECEIVED

September 30, 1987

SEP 30 1987

OIL CONSERVATION DIVISION

Mr. William J. LeMay  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

"Hand Delivered"

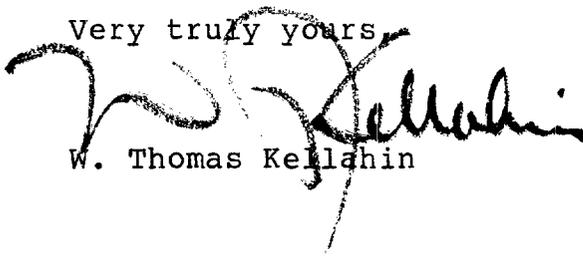
Re: Jerome P. McHugh & Associates  
Application of Unorthodox Well Location  
and Non-Standard Proration and Spacing  
Unit, Rio Arriba County, New Mexico

Case 9240

Dear Mr. LeMay:

On behalf of Jerome P. McHugh & Associates we would appreciate you setting the enclosed application for a public hearing on the Division Examiner's docket now scheduled for October 21, 1987.

Very truly yours,



W. Thomas Kellahin

WTK:ca  
Enc.

cc: Mr. Kent C. Craig  
Jerome P. McHugh & Associates  
650 S. Cherry, Suite 1225  
Denver, Colorado 80222

(Certified Return-Receipt Requested)

All parties listed in Exhibit "A"

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

RECEIVED

SEP 30 1987

IN THE MATTER OF THE APPLICATION OF  
JEROME P. MCHUGH FOR APPROVAL OF  
AN UNORTHODOX WELL LOCATION AND  
NON-STANDARD PRORATION AND SPACING  
UNIT, RIO ARRIBA COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE: 9240

A P P L I C A T I O N

COMES NOW JEROME P. MCHUGH & ASSOCIATES, by and through his attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location and non-standard proration and spacing unit, Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant, Jerome P. McHugh, is a working interest owner in the E/2 of Section 35, T24N, R1W, NMPM, Rio Arriba County, New Mexico.

2. Applicant proposes to drill a well at a standard location for Basin Dakota gas production to an approximate depth of 7,300 feet at a location 890 feet from the North line and 840 feet from the East line of Section 35, T24N, R1W, NMPM, with an E/2 dedication.

3. In the event applicant is unable to obtain commercial production from the Basin Dakota Gas Pool, applicant proposes to recomplete the subject well to test for production in the West Puerto Chiquito Mancos Oil Pool.

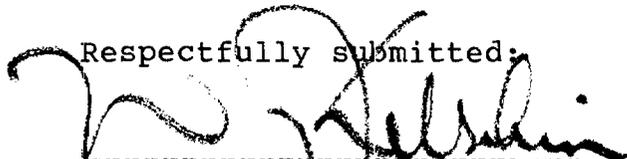
4. Applicant has attempted, but has been unable, to form a standard 640-acre spacing and proration unit for production from the West Puerto Chiquito Mancos Pool with Mobil Producing Texas and New Mexico, Inc., which is the operator of the W/2 of said Section 35.

5. As of the date of filing of this application, applicant has sent notice certified mail, return-receipt requested, to all individuals and companies shown on Exhibit "A" attached hereto.

6. Applicant requests that this application be set for hearing before the Division's examiner on October 21, 1987.

Wherefore, in the event the subject well is non-commercial in the Basin Dakota Gas Pool, Applicant seeks approval to recomplete said well for production in the West Puerto Chiquito Mancos Oil Pool at an unorthodox surface location of 890 feet from the North line and 840 feet from the East line of Section 35, T24N, R1W, NMPM, Rio Arriba County, New Mexico. In addition, applicant seeks approval of a 320-acre non-standard spacing and proration unit consisting the E/2 of said Section 35 for Mancos Oil production.

Respectfully submitted:



W. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
P. O. Box 2265  
Santa Fe, New Mexico 87504

EXHIBIT "A"

DRILLSITE OWNERSHIP

Oscar Ewing Earnhardt, Jr.  
1162 Cartagena Drive  
Long Beach, CA 90807

Eula Jean Stark  
13034 Rummel Creek Drive  
Houston, TX 77079

Janet E. Fuller  
P.O. Box 247  
Cimarron, CO 81220

Wessely Energy Co.  
(Formerly TCPL Resources)  
2001 Bryan Tower, Suite 953  
Dallas, TX 75201

Southern Union Exploration  
1217 Main Street  
Dallas, TX 75202

William Earl Schmitz and  
Pauline C. Schmitz, j/t  
Regina, NM 87046

Charles Marshall Schmitz and  
Rosa Jane Schmitz  
Regina, NM

Doreen Elizabeth Welch,  
a married woman in her sole and  
separate property  
7943 W. Plymouth Place  
Littleton, CO 80123

Milton B. Davis and  
Marveta Davis  
2828 Mesilla NE  
Albuquerque, NM

Carpenter Corp.  
P.O. Box 608  
Sour Lake, TX 77659

William Robert Earnhardt  
400 East Fifth Avenue  
Bristow, OK 74010

Wayne Erskine Earnhardt  
P.O. Box 133  
Bristow, OK 74010

Joyce E. Hajny  
3121 Risner  
Las Cruces, NM 88001

Texaco Oils, Inc.  
P.O. Box 2100  
Denver, CO 80201

Mobil Producing Texas and  
New Mexico, Inc.  
Nine Greenway Plaza  
Houston, TX 77046

Amoco Production Co.  
P.O. Box 800  
Denver, CO 80201

H. F. Gumz  
P. O. Box 4334  
Denver, CO 80204

Apache Corporation  
1700 Lincoln St.  
Suite 4900  
Denver, CO 80203

Hoaska, Inc.  
1675 Larimer, Suite 820  
Denver, CO 80202

Sun Operating Ltd. Partnership  
P. O. Box 2880  
Dallas, TX 75221

Exhibit "A" Continued:

Jessie Stanley  
1702 Chaco  
Farmington, NM

Greer Enterprises  
221 Petroleum Center Bldg.  
Farmington, NM 87401

Charles B. Read and  
Jean Read  
P.O. Box 1822  
Roswell, NM 88201

J. Hiram Moore, Betty Jane Moore,  
and Michael Harrison Moore, Trustees  
under indenture of Trust dated  
July 1, 1971, between J. Hiram Moore  
and Betty Moore as Trustors of  
said Trustees  
P. O. Box 1733  
Midland, TX 79701

Albert Greer  
221 Petroleum Center Bldg.  
Farmington, NM 87401

Montin-Harbert-Bolack Ltd.  
101 Park Ave. Bldg. Ste 310  
Oklahoma City, OK 73102

Rocky Mountain Ltd.  
221 Petroleum Center Bldg.  
Farmington, NM 87401

Benson-Montin-Greer Drilling Corp.  
221 Petroleum Center Bldg.  
Farmington, NM 87401

Dugan Production Corp.  
P. O. Box 208  
Farmington, NM 87499

Trans Delta Oil & Gas Co.  
c/o FPCO Oil & Gas Inc.  
717 17th St  
Denver, CO

Janice Eileen Barry  
506 E. Hancock  
Smithfield, NC 27577

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

RECEIVED

OCT 20 1987

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF  
JEROME P. MCHUGH FOR COMPULSORY  
POOLING OR IN THE ALTERNATIVE FOR  
APPROVAL OF AN UNORTHODOX WELL LOCATION  
AND NON-STANDARD PRORATION AND SPACING  
UNIT, RIO ARRIBA COUNTY, NEW MEXICO.

CASE: 9240

FIRST AMENDED  
A P P L I C A T I O N

COMES NOW JEROME P. MCHUGH & ASSOCIATES, by and through his attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest in the West Puerto Chiquito Mancos Oil Pool underlying Section 35, T24N, R1W, NMPM, for a well to be drilled at a standard location, or in the alternative for approval of a 320-acre non-standard oil spacing and proration unit consisting of the E/2 of said Section 35, West Puerto Chiquito Mancos Oil Pool, to be dedicated to a well to be drilled at an unorthodox location 890 feet from the North line and 840 feet from the East line (Unit A) of said Section 35, and in support thereof would show:

1. Applicant, Jerome P. McHugh, ("McHugh") is a working interest owner in the E/2 of Section 35, T24N, R1W, NMPM, Rio Arriba County, New Mexico.

2. McHugh proposes to drill a well at a standard location to test for Basin Dakota gas production in said Section 35.

3. In the event McHugh is unable to obtain commercial production from the Basin Dakota Gas Pool, McHugh proposes to recomplete the subject well to test for production in the West Puerto Chiquito Mancos Oil Pool.

4. In order to form a 640-acre spacing and oil proration unit for the West Puerto Chiquito Mancos Oil Pool, McHugh has attempted to obtain the voluntary agreement for pooling of all of Section 35 for a well to be drilled at a standard location for said pool from Mobil Producing Texas and New Mexico, Inc., which is the working interest owner of the W/2 of Section 35.

5. Mobil Producing Texas and New Mexico, Inc. has refused to form a voluntary unit consisting of said Section 35 and therefore McHugh seeks either of the following:

- (a) an order pooling all mineral interests in the West Puerto Chiquito Mancos Oil Pool underlying said Section 35 for the drilling of a well at a standard location, or in the alternative;
- (b) for the approval of a well to be drilled at an unorthodox location 890 feet from the North line and 840 feet from the East line of Section

35 and for the approval of a non-standard spacing and proration unit consisting of the E/2 of said Section 35.

6. In order to permit McHugh to obtain his just and fair share of the oil and gas underlying the subject lands, the mineral interest in Section 35 should be pooled, or in the alternative, the non-standard location and unit should be approved.

7. As of the date of filing of this amended application, applicant has sent notice certified mail, return-receipt requested, to all individuals and companies shown on Exhibit "A" attached hereto.

Wherefore, Applicant seeks approval to pool all mineral interest in the West Puerto Chiquito Mancos Oil Pool for a well to be drilled at a standard location, or in the alternative for approval of a 320-acre non-standard oil spacing and proration unit consisting of the E/2 of said Section 35, to be dedicated to a well to be drilled at an unorthodox location 890 feet from the North line and 840 feet from the East line (Unit A) of said Section 35.

Respectfully submitted:



W. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
P. O. Box 2265  
Santa Fe, New Mexico 87504

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Marvetta Davis  
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