

Release Date: May 11, 1987

B. DCC

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

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Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265

April 20, 1987

RECEIVED

APR 20 1987

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Director
Oil Conservation Division
P. O. Box 2208
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: Lewis B. Burleson, Inc.
Application for approval of an
Unorthodox Jalmat Gas Well Location

Dear Mr. LeMay:

On behalf of Lewis B. Burleson, Inc., we are hereby applying to the Oil Conservation Division for administrative approval of the following unorthodox gas well locations in accordance with Rule 104F:

(1) Lanehart 22 #1 well has an unorthodox bottom hole location in the Jalmat Gas Pool of 330 feet from the North and West lines of Section 22, T25S, R37E, Lea County, New Mexico. The surface location is in Unit D of the subject section.

(2) Applicant proposes to dedicate this well as an infill well to its ARCO 2-Y and to have both wells simultaneously dedicated to the following described non-standard proration and spacing unit:

T25S, R37E, NMPM, Lea County, New Mexico

Section 21: E/2NE/4

Section 22: W/2NE/4

Consisting of 160 acres, more or less

(3) Enclosed are signed waivers from some of the offset Jalmat Gas Operators which are:

Bettis, Boyle & Stovall
Chevron, USA

(4) The following additional offset Jalmat Gas Pool Operators have not submitted waivers and are hereby notified by certified mail return-receipt that if they

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
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object to the approval of this application they must file a written objection with the Director, Oil Conservation Division, Santa Fe, New Mexico, within twenty (20) days of the date of this application which is the date it was filed with the Director.

- (1) Bravo Energy Inc.
Box 2160
Hobbs, New Mexico 88241
- (2) Meridian Oil Inc.
21 Desta Drive
Midland, Texas 79705
Attn: Mr. Tom Olle
- (3) Doyle Hartman
Box 10426
Midland, Texas 79701

(5) Enclosed is a plat showing the location of the unit, the subject wells, and the offset operators.

Please send your approval letter directly to Lewis B. Burleson, Inc., P. O. Box 2479, Midland, Texas 79702, with a copy to me.

Please call me or Mr. Steve Burleson at (915) 683-4747 should you need further information.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Steve Burleson

LEWIS B. BURLESON, INC.

OIL & GAS PROPERTIES

February 3, 1987

LEWIS B. BURLESON
PRESIDENT

STEVEN L. BURLESON
VICE-PRESIDENT

WAYNE JARVIS
SUPERINTENDENT

Offsetting Jalmat Gas Operators
Lanehart 22 # 1
Unit D., Sec. 22, T-25-S, R-37-E
Lea County, New Mexico

Lewis B. Burleson, Inc. respectfully requests your approval to simultaneously dedicate our Lanehart 22 # 1 well, located in Unit D, Sec. 22, T-25-S, R-37-E, as an infill well to our currently dedicated Arco 2-Y proration unit consisting of the W/2NE/4 of Sec. 22 and the E/2NE/4 of Sec. 21, T-25-S, R-37-E.

This well was slant holed by Arco due to the Lea County Airport and completed in the Langlie-Mattix at a downhole location of 330' from the north and west lines of Sec. 22, T-25-S, R-37-E. We have purchased this well and wish to recomplate it as a Jalmat gas producer which would make it an unorthodox location for the Jalmat.

Please indicate your approval of the above application by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your cooperation in this matter.

Yours very truly,

Steven Burleson
Steven Burleson
Vice President

Approved this 6th day of Feb., 1987

Bettis, Boyle & Stovall

By: *M. Bettis*
Title: CO OWNER

Meridian Oil

By: _____
Title: _____

Chevron

By: _____
Title: _____

Doyle Hartman

By: _____
Title: _____

Bravo

By: _____
Title: _____

LEWIS B. BURLESON, INC.

OIL & GAS PROPERTIES

February 3, 1987

LEWIS B. BURLESON
PRESIDENT

STEVEN L. BURLESON
VICE-PRESIDENT

WAYNE JARVIS
SUPERINTENDENT

Offsetting Jalmat Gas Operators
Lanehart 22 # 1
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Lewis B. Burleson, Inc. respectfully requests your approval to simultaneously dedicate our Lanehart 22 # 1 well, located in Unit D, Sec. 22, T-25-S, R-37-E, as an infill well to our currently dedicated Arco 2-Y proration unit consisting of the W/2NE/4 of Sec. 22 and the E/2NE/4 of Sec. 21, T-25-S, R-37-E.

This well was slant holed by Arco due to the Lea County Airport and completed in the Langlie-Mattix at a downhole location of 330' from the north and west lines of Sec. 22, T-25-S, R-37-E. We have purchased this well and wish to recomplete it as a Jalmat gas producer which would make it an unorthodox location for the Jalmat.

Please indicate your approval of the above application by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your cooperation in this matter.

Yours very truly,

Steven Burleson

Steven Burleson
Vice President

Approved this _____ day of _____, 1987

Bettis, Boyle & Stovall

Doyle Hartman

By: _____
Title: _____

By: _____
Title: _____

Meridian Oil

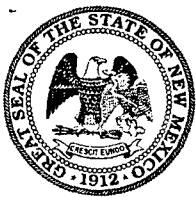
Bravo

By: _____
Title: _____

By: _____
Title: _____

Chevron

By: *H. Hollingsworth*
Title: *Division Petroleum Engineer*



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 30, 2001

Lori Wrotenberg
Director
Oil Conservation Division

American Inland Resources Company, LLC
P. O. Box 50938
Midland, Texas 79710
Attention: Michael D. Prichard

Administrative Order NSP-1849(L)

Dear Mr. Prichard:

Reference is made to the following: (i) your application dated August 8, 2001 (*application reference No. pKRV0-122246581*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Order No. R-5286 and Division Administrative Order NSL-2340: all concerning American Inland Resources Company, LLC's ("American Inland") request for a 40-acre non-standard gas spacing and proration unit ("GPU") consisting of the following acreage in the Jalmat Gas Pool (79240):

LEA COUNTY, NEW MEXICO
TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4 NW/4.

This unit is to be dedicated to American Inland's recently drilled Airport Well No. 2 (API No. 30-025-35198), located at an unorthodox gas well location 2010 feet from the North line and 990 feet from the West line (Unit E) of Section 22. It is the Division's understanding that this well was drilled to a total depth of 3,400 feet to test the Queen formation of the Langlie-Mattix Pool at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 of Section 22; however, the Yates interval was completed as a gas well and pursuant to Rule 4 (b) 2 of the special rules governing the Jalmat Gas Pool this location is unorthodox for the proposed 40-acre GPU.

The rules and procedures currently governing the Jalmat Gas Pool include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B (2) (b);
- (iii) Division Rules 104.D (2) and 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Division Rules 1207.A (2) and (3); and

(v) the amended Stipulated Declaratory Judgment of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgment").

By the authority granted me under the provisions of these rules, regulations, and directives, the above-described non-standard 40-acre GPU within the Jalmat Gas Pool and unorthodox gas well location for the above-described Airport well No. 2 are hereby approved.

Further, American Inland is permitted to produce the allowable to be assigned thereto in accordance with Rule 5 of the rules governing the Jalmat Gas Pool based upon the respective unit size of 40 acres.

PLEASE NOTE HOWEVER THAT, in the future, American Inland, as a prudent operator, shall be more cognizant of all well location requirements within the different producing horizons to be encountered by a wellbore prior to drilling. Otherwise, such request for an exception to the applicable rules will require a hearing before approval is granted.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-2340(SD) /

REMARKS: The previously established 160-acre non-standard Jalmat gas spacing and proration unit comprising the E/2 NE/4 and W/2 NW/4 of Section 22, which was approved by Division Order No. R-5286, issued in Case No. 5754 on September 28, 1976, authorized to be simultaneously dedicated to the: (i) ARCO Well No. 2-Y (**API No. 30-025-25174**), located at a standard gas well location 1770 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico; and (ii) Lanehart "22" Well No. 1 (**API No. 30-025-25742**), located 660 feet from the North and West lines (Unit D) of Section 22, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico [which was the subject of Division Administrative Order NSL-2340 (SD), dated May 11, 1987] appears to be no longer in effect. Division records indicate that the Lanehart "22" Well No. 1 was never completed in the Jalmat interval and

the ARCO Well No. 2-Y is completed in the Jalmat Gas Pool as an oil well; therefore, both Division Administrative Order NSL-2340 (SD) and Order No. R-5754 shall be placed in abeyance until further notice.