

DATE 6/3/02	DATE 6/23/02	ENGINEER MS	LOGGED IN KW	TYPE NSL	APP NO. 215546389
----------------	-----------------	----------------	-----------------	-------------	----------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Case 12894

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location]** **[NSP-Non-Standard Proration Unit]** **[SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling]** **[CTB-Lease Commingling]** **[PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling]** **[OLS - Off-Lease Storage]** **[OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion]** **[PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal]** **[IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification]** **[PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

JUN - 3

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 TOM SPRINKLE
 Print or Type Name

Tom Sprinkle
 Signature

 DRILLING MANAGER
 Title

 May 30, 2002
 Date

 tls2@airmail.net
 e-mail Address



EXPLORATION & PRODUCTION

May 30, 2002

Ms. Lori Wrotenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 12894

Re: Application For Non-Standard Location
Texakoma Oil & Gas Corporation
USA 23 No. 1
Basin Fruitland Coal Pool (71629)
390' FSL & 627' FEL, P-23-T32N-R13W
San Juan County, New Mexico

Dear Ms. Wrotenbery:

Texakoma Oil & Gas Corporation hereby requests approval for an off-pattern location for its USA 23 No. 1 well, to be located 390 feet from the south line and 627 feet from the east line of Section 23, Township 32 North, Range 13 West, in the Basin Fruitland Coal Gas Pool (71629), San Juan County, New Mexico because of geology.

The location is near the northwestern edge of the productive area of the Fruitland Coal formation. The area is still considered a marginal economic venture because of the initial high volume water production and the unknown amount of dewatering before economic gas production is attained.

Exhibit A shows the wells of record in the offset sections, the Fruitland Coal Outcrop Boundary and the structural contours of the base of the Basal Fruitland Coal. The wells shallower and closer to the outcrop (such as Texakoma's Powell #1 & Havasu#1) produce large volumes of water per day (300-500 bwpd) with 10-260 Mcfd coal gas volumes. It appears that the shallower wells are closer to the recharge zone and therefore will have a much larger dewatering volume than wells deeper in this part of the basin. The Exhibit A structure contours are on the Base of the Basal Fruitland Coal and indicate that the SESE Section 23 location is at the "elbow" of the rapidly increasing dip rate and that economic production to date has only been found at locations at this structural level or lower.

Exhibit B is a plat which shows the operators of the offset leases.

Exhibit C is a list of offset operators names and addresses notified of this application by Certified Mail on this same date.

Exhibit D is a copy of Form C-102, Well Location and Acreage Dedication Plat.

If there are questions, please contact me by phone at the number below or by fax at 972-701-9056.

Sincerely,

Tom Sprinkle
Drilling Manager

Cc: Oil Conservation Division, 1000 Brazos Road, Aztec, NM 87410
Offset Operators as per Exhibit C by Certified Mail

ONE LINCOLN CENTRE
5400 LBJ FREEWAY • SUITE 500 • DALLAS, TEXAS • 75240
972-701-9106

**TEXAKOMA USA NO. 1
 (BASIN-FRUITLAND COAL WELL)
 E/2 SEC. 23-T32N-R13W
 SAN JUAN COUNTY, NEW MEXICO
 OPERATOR - TEXAKOMA OIL AND GAS CORPORATION**

BASIN-FRUITLAND COAL OFFSET OPERATORS/WIO

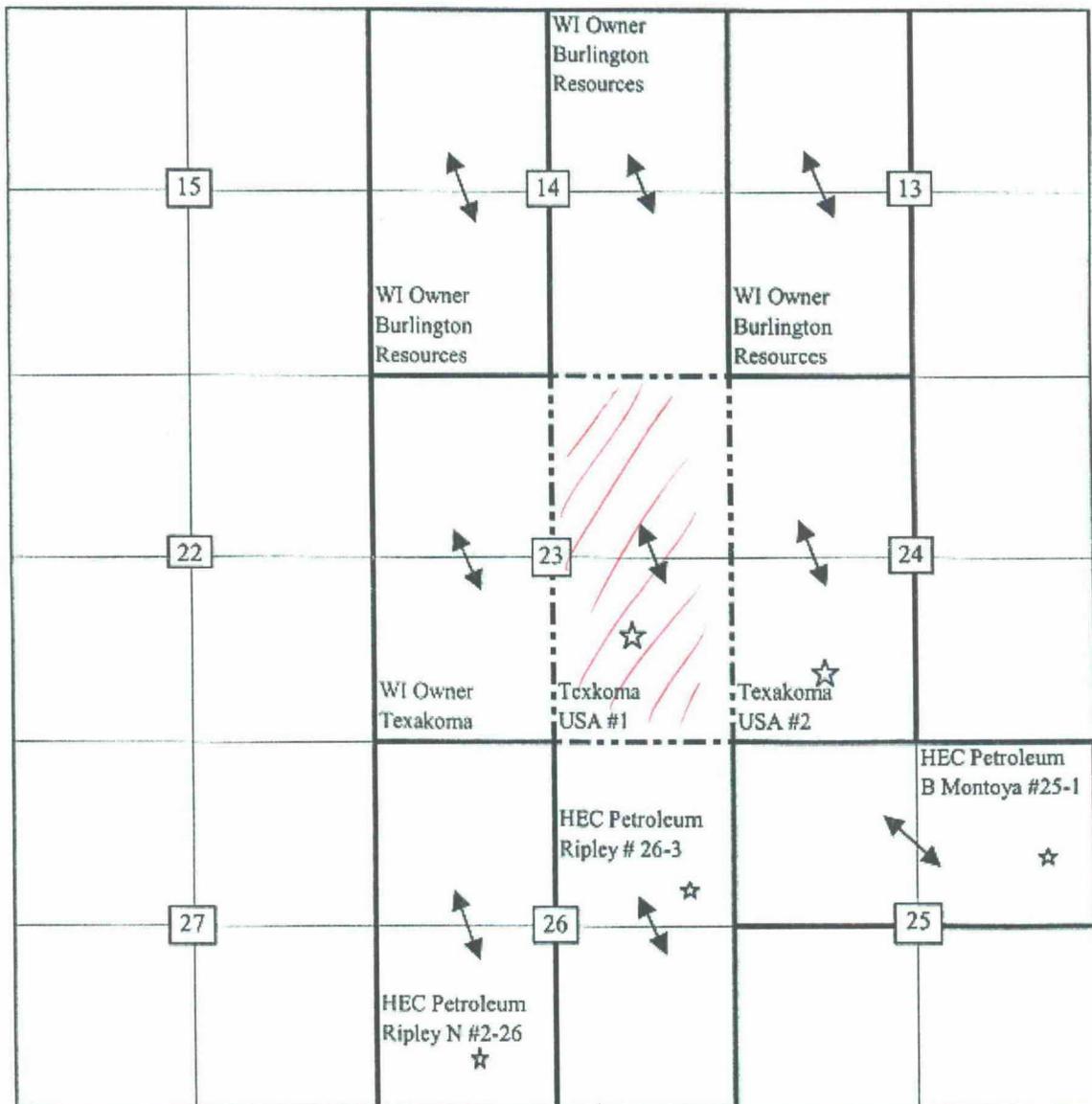


EXHIBIT B

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

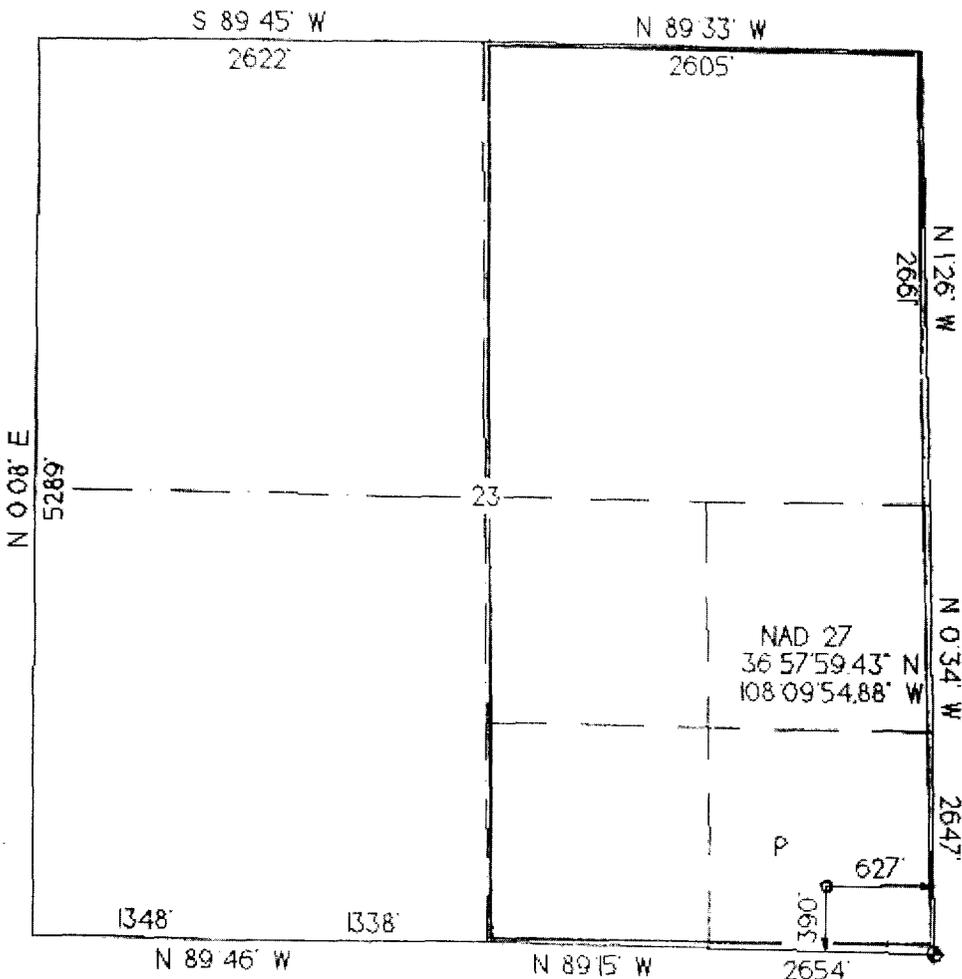
APA Number 30-045-	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code	Property Name TEXAKOMA USA 23	Well Number 1
OGFRD No. 022521	Operator Name TEXAKOMA OIL & GAS CORPORATION	Elevation 5970'

Surface Location									
UL or Lot	Sec.	Tap.	Rgn.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
P	23	32 N	13 W		390'	SOUTH	627'	EAST	SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Tap.	Rgn.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication E/320	Joint ?	Consolidation	Order No.
----------------------------	---------	---------------	-----------

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Signature <i>Tom Sprinkle</i>
Printed Name TOM SPRINKLE
Title DRILLING MANAGER
Date 4-30-2002
SURVEYOR CERTIFICATION I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
Date of Survey 4-30-2002
Signature <i>Tom Sprinkle</i>
Professional Surveyor 6844
REGISTERED LAND SURVEYOR

EXHIBIT D

CMD : ONGARD
OG5SECT INQUIRE LAND BY SECTION

07/05/02 08:20:30
OGOMES -TPMS
PAGE NO: 1

Sec : 23 Twp : 32N Rng : 13W Section Type : NORMAL

D	C	B	A
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
E	F	G	H
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned

M0002: This is the first page

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
 PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD
 OG5SECT INQUIRE LAND BY SECTION

07/05/02 08:20:07
 OGOMES -TPMS
 PAGE NO: 2

Sec : 23 Twp : 32N Rng : 13W Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
M	N	O	P
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
 PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :

ONGARD

07/05/02 08:20:14

OG6C101

C101-APPLICATION FOR PERMIT TO DRILL

OGOMES -TPMS

OGRID Idn : 22521 API Well No: 30 45 31110 APD Status(A/C/P) : A

Opr Name, Addr: TEXAKOMA OIL & GAS CORP 5400 LBJ FRWY STE 500 DALLAS, TX 75240

Prpsd Depth : 2100 Prpsd Frmtn : BASIN FRUITLAND COAL

State Lease No: Multiple Comp (S/M/C) : S

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : R

Lease typ(F/S/P/N/J/U/I) : F Ground Level Elevation : 5970

U/L Sec Township Range Lot Idn North/South East/West

Surface Locn : P 23 32N 13W FTG 390 F S FTG 627 F E

OCD U/L : P API County : 45

Prpsd Depth : 2100 Prpsd Frmtn : BASIN FRUITLAND COAL

State Lease No: Multiple Comp (S/M/C) : S

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : R

Lease typ(F/S/P/N/J/U/I) : F Ground Level Elevation : 5970

U/L Sec Township Range Lot Idn North/South East/West

Surface Locn : P 23 32N 13W FTG 390 F S FTG 627 F E

OCD U/L : P API County : 45

Prpsd Depth : 2100 Prpsd Frmtn : BASIN FRUITLAND COAL

State Lease No: Multiple Comp (S/M/C) : S

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : R

Lease typ(F/S/P/N/J/U/I) : F Ground Level Elevation : 5970

U/L Sec Township Range Lot Idn North/South East/West

Surface Locn : P 23 32N 13W FTG 390 F S FTG 627 F E

OCD U/L : P API County : 45

Prpsd Depth : 2100 Prpsd Frmtn : BASIN FRUITLAND COAL

State Lease No: Multiple Comp (S/M/C) : S

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : R

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

E0009: Enter data to modify record



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

June 17, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Texakoma Oil & Gas Corporation
One Lincoln Center
5400 LBJ Freeway – Suite 500
Dallas, Texas 75240

Attention: Tom Sprinkle

RE: *Administrative application for Texakoma Oil & Gas Corporation's proposed Texakoma – USA "23" Well No. 1 (API No. 30-045-31110) to be drilled within the E/2 of Section 23, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico at an off-pattern unorthodox coal gas well location 390 feet from the South line and 627 feet from the East line (Unit P) of Section 23 (application reference No. pKRV0-215546389).*

Dear Mr. Sprinkle:

The Division is in receipt of an objection from Pure Resources, L.P. to the subject application; see copy of letter dated June 17, 2002 attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for July 11, 2002, hearing to be held in Aztec, New Mexico. I have prepared the following advertisement in this matter:

"Application of Texakoma Oil & Gas Corporation for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Texakoma – USA "23" Well No. 1 (API No. 30-045-31110) at an off-pattern non-standard coal gas well location 390 feet from the South line and 627 feet from the East line (Unit P) of Section 23, Township 32 North, Range 13 West, which is located approximately three miles north northeast of La Plata, New Mexico. The E/2 of Section 23 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool."

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Framington
W. Thomas Kellahin, Legal Counsel for Pure Resources, L.P. – Santa Fe
Kathy Vades, NMOCD – Santa Fe

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2266

SANTA FE, NEW MEXICO 87504-2266

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

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)

June 17, 2002

HAND DELIVERED

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504
Attn: Mr. Michael E. Stogner

Re: **NOTICE OF OBJECTION:**
Texahoma Oil & Gas Corporation's
USA "23" Well No. 1
Unit P, Section 23, T32N, R13W, NMPM,
Administrative Application to NMOCD
for Approval of Unorthodox Well
Location, San Juan County, New Mexico

Dear Mr. Stogner:

By letter dated May 30, 2002, Texahoma Oil & Gas Corporation filed the referenced administrative application with the Division and sent notification to the offsetting operators of the referenced request.

On behalf of Pure Resources, L.P., as an offsetting operator, we hereby object to the referenced application by Texahoma Oil & Gas Corporation for an unorthodox gas well location as described in its administrative application to the Division.

We request that this matter be set for hearing and that Pure Resources be provided notification of the hearing in accordance with Division notice rules.

Very truly yours,



W. Thomas Kellahin

cc: *Pure Resources, L. P.*
Attn: J. Robert Ready (915) 498-8692
cc: *Texahoma Oil & Gas Corporation*
Attn: Tom Sprinkle (972) 701-9056

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2285

SANTA FE, NEW MEXICO 87504-2285

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

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)

July 4, 2002

VIA FACSIMILE

Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504
Attn: Mr. Michael E. Stogner

Re: WITHDRAWAL OF NOTICE OF OBJECTION:

*NMOCD Case 12894
Texakoma Oil & Gas Corporation's
USA "23" Well No. 1
Unit P, Section 23, T32N, R13W, NMPM,
Administrative Application to NMOCD
for Approval of Unorthodox Well
Location, San Juan County, New Mexico*

Dear Mr. Stogner:

Pure Resources, L.P. has informed me that it desires to withdraw its the referenced application by Texakoma Oil & Gas Corporation for an unorthodox gas well location. This case is currently set for hearing on July 11, 2002,

Very truly yours,

objection


W. Thomas Kellahin

cc: Pure Resources, L. P.
Attn: J. Robert Ready (915) 498-8692
cc: Texakoma Oil & Gas Corporation
Attn: James Bruce, Esq.

Stogner, Michael

From: Stogner, Michael
Sent: Friday, July 05, 2002 9:01 AM
To: Tom Sprinkle (E-mail); Tom Kellahin (E-mail); Valdes, Kathy
Cc: Davidson, Florene; Chavez, Frank; Brooks, David K
Subject: NSL-4756/Case No. 12894

Attached is a copy of Division Administrative Order NSL-4756 issued today (July 5, 2002). With the issuance of this order and Mr. Kellahin's letter withdrawing Pure Resources, L.P.'s previous objection, Division Case 12894 scheduled for hearing in Aztec, NM on July 11, 2002 is hereby dismissed.



COAL97.doc