

ABOVE THIS LINE FOR DIVISION USE ONLY

8-19-02

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



## ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET 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

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

- [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] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

*I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.*

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

Paul C. Thompson  
 Print or Type Name

Paul C. Thompson  
 Signature

Agent  
 Title

7/15/02  
 Date

WALSH@CYBERPORT  
 e-mail Address

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 15, 2002

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87504

Re: Non-Standard Location Application  
Cordillera Energy, Inc.

Arnstein #1B

(30-045-31029)

2460' FNL, 660' FWL, Section 18, T31N R12W  
San Juan County, New Mexico  
Blanco Mesa Verde

Dear Ms. Wrotenbery,

This is a request for administrative approval for a non-standard location in the Blanco Mesa Verde pool. The non-standard location is the result of Order R-6760 (copy attached) which caused the creation of several 160 acre spacing units in the Mesa Verde formation. With a standard 320 acre W/2 spacing unit, the Arnstein #1B would be in a legal location. Cordillera Energy, Inc. owns the mineral rights in the SW/4 of Section 18, which is the area that is being encroached upon by the Arnstein #1B.

The Arnstein #1B will be drilled and completed as a downhole commingled Dakota and Mesa Verde well. The Arnstein #1B was located to maximize the ultimate recovery from the Mesa Verde and Dakota pools according to the spacing rules which were adopted in Order R-10987A for the Mesa Verde and Order R-10987-B for the Dakota. Considerable testimony was presented at both of those hearings to justify the necessity of drilling additional wells and the location of the 80 acre infill wells.



I have attached for your review, a C-102 for the Mesa Verde formation, outlining the dedicated acreage. I have also prepared a scale drawing, identifying the existing and proposed Mesa Verde wells in the area and the offset operators.

The offset operators of the Mesa Verde pool are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in black ink, reading "Paul C. Thompson", with a long horizontal flourish extending to the right.

Paul C. Thompson, P.E.  
Agent for  
Cordillera Energy, Inc.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7319  
Order No. R-6760

APPLICATION OF CONSOLIDATED OIL  
& GAS, INC. FOR SIX 160-ACRE  
MESAVERT PRORATION UNITS, SAN  
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 1981, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc.,  
seeks approval of six 160-acre non-standard gas proration units  
in the Blanco Mesaverde Pool, said units to comprise the NW/4  
and SW/4 of Section 18 and the SW/4 and SE/4 of Section 7, both  
in Township 31 North, Range 12 West, and the NE/4 and SE/4 of  
Section 3, Township 31 North, Range 13 West, each unit to be  
dedicated to an existent well already drilled thereon.

(3) That the aforesaid six non-standard proration units  
would be created by splitting three standard 320-acre units,  
each of which has an original well, and an infill well thereon,  
and is occasioned by certain administrative problems relating  
to well names and numbers.

(4) That the creation of the six non-standard units out  
of three standard units will not cause waste nor impair correla-  
tive rights and should be approved provided however provision



should be made for administrative abolishment of the non-standard units and reversion to standard units in the event allowable and over/under production problems should render the smaller size units impracticable.

IT IS THEREFORE ORDERED:

(1) That six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, San Juan County, New Mexico, are hereby created and dedicated to wells as follows:

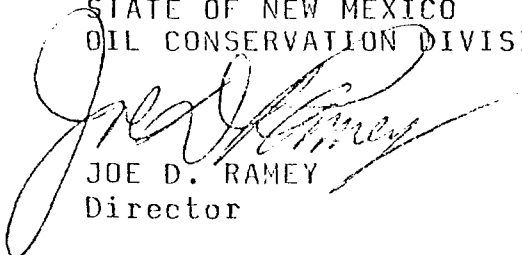
<u>Unit Description</u>	<u>Dedicated Well</u>
SW/4 Sec. 07, Twp 31N, Rge 12W ~	Owen No. 1, Unit M +
SE/4 Sec. 07, Twp 31N, Rge 12W or	Gross No. 1, Unit I ✓
NW/4 Sec. 18, Twp 31N, Rge 12W or	Arnstein No. 1, Unit B ✓ K
SW/4 Sec. 18, Twp 31N, Rge 12W ~	Reid No. 1, Unit M ✓
NE/4 Sec. 03, Twp 31N, Rge 13W ~	Alberding No. 1, Unit A ✓
SE/4 Sec. 03, Twp 31N, Rge 13W ~	Landauer No. 1, Unit B H ✓

(2) That the Division Director shall have the authority to administratively cancel any pair of the aforesaid non-standard proration units and revert the affected lands back to a standard 320-acre proration unit upon a showing by the operator that allowable and/or over/under production problems are resulting from the size of the non-standard units, in which case the Division's standard well name and number system will be applicable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L  
fd/

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994

Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code 72319	*Pool Name BLANCO MESAVERDE
*Property Code	*Property Name ARNSTEIN	*Well Number 1B
*GRID No. 173252	*Operator Name CORDILLERA ENERGY, INC.	*Elevation 5840'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	18	31N	12W		2460	NORTH	660	WEST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 157.66 Acres - (NW/4)	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p><sup>16</sup></p><p>LOT 1</p><p>LOT 2</p><p>LOT 3</p><p>LOT 4</p><p>SF 078243</p><p>18</p></div>	<div><p><sup>17</sup> OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Paul C. Thompson</i></p><p>Signature</p><p>Paul C. Thompson</p><p>Printed Name</p><p>Agent</p><p>Title</p><p>3/8/02</p><p>Date</p></div> <div><p><sup>18</sup> SURVEYOR CERTIFICATION</p><p>I hereby certify that the well location shown 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.</p><p>Survey Date: FEBRUARY 4, 2002</p><p>Signature and Seal of Professional Surveyor</p><p> JASON C. EDWARDS Certificate Number 15269</p></div>
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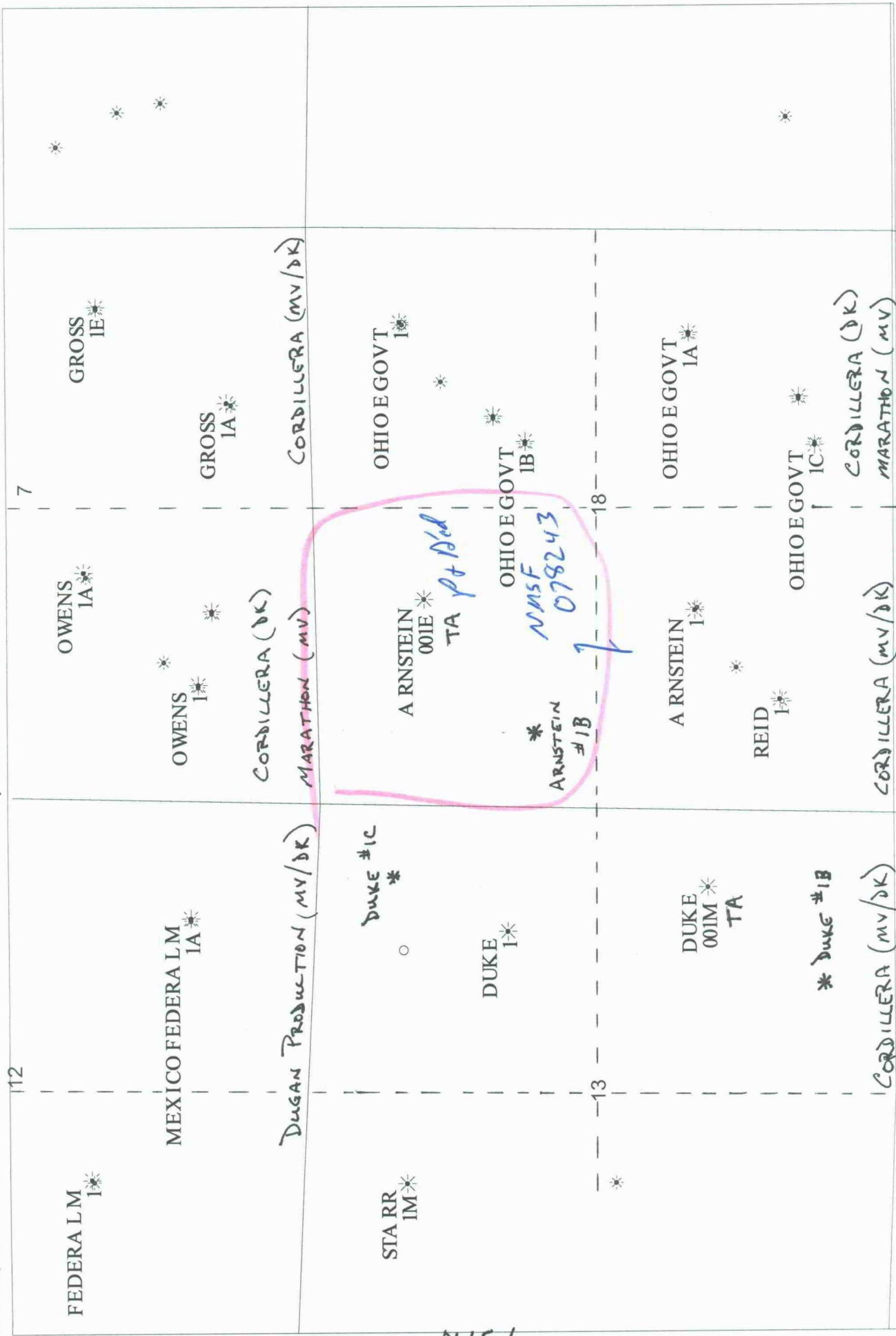
# PowerTools Map

Summary Lease Report

Project: C:\Program Files\IHS Energy\PowerTools v5.0\Projects\Arnstain.MDB

Date: 7/15/2002  
Time: 4:23 PM

## MESA VERDE OFFSETS



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

July 15, 2002

Mr. David Poage  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499-0420

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' FNL, 660' FWL, Section 18, T31N R12W  
San Juan County, New Mexico  
Blanco Mesa Verde

Dear Mr. Poage,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

July 15, 2002

Marathon Oil Company  
Attn: Mr. Steve M. Daniels  
Southern U.S. Business Unit  
P.O. Box 552  
Midland, Texas 79702-0552

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' FNL, 660' FWL, Section 18, T31N R12W  
San Juan County, New Mexico  
Blanco Mesa Verde

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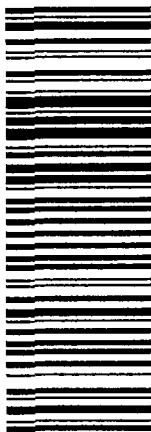
Sincerely,

  
Paul C. Thompson, P.E.

7001 1940 0002 5028 7798

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL

7001 1940 0002 5028 7798  
7001 1940 0002 5028 7798
**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark  
Here

Sent To Marathon Oil Co. Steve M. Daniels  
 Street, Apt. No.;  
 or PO Box No. P.O. Box 552  
 City, State, ZIP+ 4 Midland, TX 79702-0552

PS Form 3800, January 2001

See Reverse for Instructions

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- ☐ Complete items 1 and/or 2 for additional services.  
 Complete items 3, 4a, and 4b.  
☐ Print your name and address on the reverse of this form so that we can return this card to you.  
☐ Attach this form to the front of the mailpiece, or on the back if space does not permit.  
☐ Write "Return Receipt Requested" on the mailpiece below the article number.  
☐ The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address  
 2. ☐ Restricted Delivery

## 3. Article Addressed to:

Marathon Oil Company  
 Attn: Mr. Steve M. Daniels  
 Southern U. S. Business Unit  
 P.O. Box 552  
 Midland, TX 79702-0552

## 4a. Article Number

7001 1940 0002 5028 7798

## 4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☐ Return Receipt for Merchandise ☐ COD

## 7. Date of Delivery

## 5. Received By: (Print Name)

## 6. Signature (Addressee or Agent)

## 8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-99-B-0223

Domestic Return Receipt

Thank you for using Return Receipt Service.

7001 1940 0002 5028 7781

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL

7001 1940 0002 5028 7781  
7001 1940 0002 5028 7781

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)



Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To David Poage Dugan Prod. Corp  
 Street, Apt. No. or PO Box No. P.O. Box 420  
 City, State, ZIP+4 Farmington NM. 87499

PS Form 3800, January 2001

See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. David Poage  
 Dugan Production Corp.  
 P.O. Box 420  
 Farmington, NM 87499-0420

2. Article Number

(Transfer from service label)

7001 1940 0002 5028 7781

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

**X**☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-0835

**WALSH** Engineering & Production Corporation

7415 E. Main  
Farmington, New Mexico 87402  
(505)327-4892 FAX (505)327-8834

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

FACSIMILE TRANSMITTAL

DATE: 7-30-02 TIME: 2:50 p.m.

NUMBER OF PAGES (including cover sheet): 6

TO: COMPANY: New Mexico OCD  
ATTN: Michael Slogner  
PHONE NUMBER: \_\_\_\_\_  
FAX NUMBER: 505-476-3471

FROM: WALSH ENGINEERING & PROD. CORP.

SENT BY: Paul Thompson

MESSAGE:

IF YOU HAVE ANY QUESTIONS REGARDING THIS TRANSMITTAL, PLEASE  
CALL (505)327-4892. THANK YOU.

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9824CERTIFIED- RETURN RECEIPT

July 15, 2002

Ritha M. and Joyce J. Ducharme  
2617 S. Wadsworth Circle  
Lakewood, CO 80227

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' ENL, 660' FWL, Section 18, T31N R12W  
San Juan County, New Mexico  
Blanco Mesa Verde

Dear Mr. Daniels,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7414 East Main  
Farmington, New Mexico 87402  
(505) 327-4800 Fax: (505) 327-0824CERTIFIED- RETURN RECEIPT

July 15, 2002

Segal Oil & Gas  
10 East 70<sup>th</sup> Street (6A)  
New York, NY 10021  
Attn: Mr. A Segal

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' FNL, 660' FWL, Section 18, T31N R12W  
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Blanco Mesa Verde

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Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4992 Fax: (505) 327-9934CERTIFIED- RETURN RECEIPT

July 15, 2002

Samson Companies  
Two West Second Street  
Tulsa, OK 74103  
Attn: Ms. Rebecca Johnson

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' FNL, 660' FWL, Section 18, T31N R12W  
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Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-0834

July 30, 2002

Mr. Michael E. Stogner  
Chief Hearing Officer/Engineer  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: NMOCB Application No. pKRVO-220047797

Dear Mr. Stogner,

I am faxing you copies of letters sent to the remaining working interest owners in the SW/4 equivalent of Section 18 and the E/2 of Section 13, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico in compliance with Division Rule 1207. A (2) (a). The letters have been sent certified mail to each owner.

Thank you for your consideration in this matter and if you have any questions, please call me.

Sincerely,

Paul C. Thompson, P.E.



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Geofact Dumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

July 15, 2002

John M. Templeton Jr.  
601 Pembroke Road  
Bryn Mawr, PA 19010Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
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Paul C. Thompson, P.E.

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ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmingington, New Mexico 87402  
(505) 327-4492 Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

July 15, 2002

Segal Oil & Gas  
10 East 70<sup>th</sup> Street (6A)  
New York, NY 10021  
Attn: Mr. A Segal

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' FNL, 660' FWL, Section 18, T31N R12W  
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Blanco Mesa Verde

Dear Mr. Daniels,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4800 Fax: (505) 327-8834CERTIFIED- RETURN RECEIPT

July 15, 2002

Samson Companies  
Two West Second Street  
Tulsa, OK 74103  
Attn: Ms. Rebecca Johnson

Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' ENL, 660' FWL, Section 18, T31N R12W  
San Juan County, New Mexico  
Blanco Mesa Verde

Dear Mr. Daniels,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.

**WALSH** Engineering & Production Corporation

7415 E. Main  
Farmington, New Mexico 87402  
(505)327-4892 FAX (505)327-9834

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

FACSIMILE TRANSMITTAL

DATE: 7-30-02 TIME: 2:50 p.m.

NUMBER OF PAGES (including cover sheet): 6

*only three  
received from  
- called him they  
on this*

TO: COMPANY: New Mexico OCD

ATTN: Michael Stogner

PHONE NUMBER:

FAX NUMBER: 505-476-3471

FROM: WALSH ENGINEERING & PROD. CORP.

SENT BY: Paul Thompson

MESSAGE:

IF YOU HAVE ANY QUESTIONS REGARDING THIS TRANSMITTAL, PLEASE  
CALL (505)327-4892. THANK YOU.

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 30, 2002

Mr. Michael E. Stogner  
Chief Hearing Officer/Engineer  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: NMOCD Application No. pKRVO-220047797

Dear Mr. Stogner,

I am faxing you copies of letters sent to the remaining working interest owners in the SW/4 equivalent of Section 18 and the E/2 of Section 13, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico in compliance with Division Rule 1207. A (2) (a). The letters have been sent certified mail to each owner.

Thank you for your consideration in this matter and if you have any questions, please call me.

Sincerely,

Paul C. Thompson, P.E.

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7115 East Main  
Farmington, New Mexico 87402  
(505) 327-4802 • Fax: (505) 327-9834CERTIFIED- RETURN RECEIPT

July 15, 2002

John M. Templeton Jr.  
601 Pembroke Road  
Bryn Mawr, PA 19010Re: Non-Standard Location Application  
Cordillera Energy, Inc.  
Arnstein #1B  
2460' ENL, 660' FWL, Section 18, T31N R12W  
San Juan County, New Mexico  
Blanco Mesa Verde

Dear Mr. Daniels,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St Francis Dr., Santa Fe, New Mexico 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

July 22, 2002

Lori Wrotenberg

Director

Oil Conservation Division

**Cordillera Energy, Inc.**  
**c/o Walsh Engineering & Production Corp.**  
**7415 East Main**  
**Farmington, New Mexico 87402**

**Attention: Paul C. Thompson**

**Re:** *Administrative application for an exception to the well location requirements provided within the "Special Rules for the Blanco-Mesaverde Pool," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, for Cordillera Energy, Inc.'s proposed Arnstein Well No.1-B (API No. 30-045-31029) to be drilled 2460 feet from the North line and 660 feet from the West line (Lot 1/Unit D) of Section 18, Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool (72319), San Juan County, New Mexico.*

Dear Mr. Thompson:

This letter acknowledges your administrative application dated July 15, 2002 for a non-standard Blanco-Mesaverde replacement gas well location for the above described well to be drilled within a former 156.82-acre gas spacing and proration unit comprising Lots 1 and 2 and the E/2 NW/4 of Section 18, Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool (96210), San Juan County, New Mexico. The Division received this application on July 18, 2002, and assigned it NMOCD application reference No. pKRV0-220047797. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in the application is not sufficient to process an administrative order at this time. It appears that your application is incomplete with respect to notice. Division Rule 1207.A (2) (a) states:

*"In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit".*

Please identify the working interests within the offsetting Blanco-Mesaverde units in the SW/4 equivalent of Section 18 and the E/2 of Section 13, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico and provide adequate notice to them or explain why notice is not required in this case.



**Cordillera Energy, Inc.**

**July 22, 2002**

**Page 2**

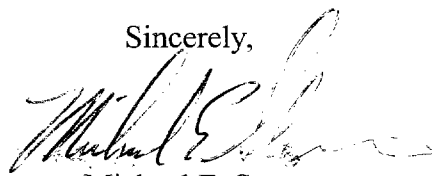
---

Since the submitted information is insufficient to review, the application was ruled as incomplete on July 22, 2002. Please submit the above stated information by Wednesday, July 31, 2002.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "[mstogner@state.nm.us](mailto:mstogner@state.nm.us)." Thank you.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc. New Mexico Oil Conservation Division – Aztec

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/22/02 13:11:28

OGOMES -TP1W

PAGE NO: 1

Sec : 18 Twp : 31N Rng : 12W Section Type : NORMAL

1	C	B	A
38.30	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
2	F	G	H
38.52	40.00	40.00	40.00
76.82 Federal owned	Federal owned	Federal owned	Federal owned
156.52	A	A	

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

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/22/02 13:11:32  
OGOMES -TP1W  
PAGE NO: 2

Sec : 18 Twp : 31N Rng : 12W Section Type : NORMAL

3	K	J	I
38.72	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
A	A	A	A
4	N	O	P
38.94	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
A	A	A	

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

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

07/22/02 13:11:42  
OGOMES -TP1W

API Well No : 30 45 23616 Eff Date : 03-16-1994 WC Status : P  
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)  
OGRID Idn : 21042 SNYDER OIL CORP  
Prop Idn : 10233 ARNSTEIN

Well No : 001E  
GL Elevation: 99999

U/L Sec Township Range North/South East/West Prop/Act (P/A)  
-----  
B.H. Locn : C 18 31N 12W FTG 1065 F N FTG 1791 F W P

Lot Identifier:

Dedicated Acre:

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

07/22/02 13:11:49  
OGOMES -TP1W

API Well No : 30 45 23616 Eff Date : 03-16-1994 WC Status : P  
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)  
OGRID Idn : 21042 SNYDER OIL CORP  
Prop Idn : 10233 ARNSTEIN

Well No : 001E  
GL Elevation: 99999

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : C 18 31N 12W FTG 1065 F N FTG 1791 F W P

Lot Identifier:  
Dedicated Acre:

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7319  
Order No. R-6760

APPLICATION OF CONSOLIDATED OIL  
& GAS, INC. FOR SIX 160-ACRE  
MESAVERDE PRORATION UNITS, SAN  
JUAN COUNTY, NEW MEXICO.

*See Also Order No. R-6760A*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., seeks approval of six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, said units to comprise the NW/4 and SW/4 of Section 18 and the SW/4 and SE/4 of Section 7, both in Township 31 North, Range 12 West, and the NE/4 and SE/4 of Section 3, Township 31 North, Range 13 West, each unit to be dedicated to an existent well already drilled thereon.

(3) That the aforesaid six non-standard proration units would be created by splitting three standard 320-acre units, each of which has an original well, and an infill well thereon, and is occasioned by certain administrative problems relating to well names and numbers.

(4) That the creation of the six non-standard units out of three standard units will not cause waste nor impair correlative rights and should be approved provided however provision

should be made for administrative abolishment of the non-standard units and reversion to standard units in the event allowable and over/under production problems should render the smaller size units impracticable.

IT IS THEREFORE ORDERED:

(1) That six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, San Juan County, New Mexico, are hereby created and dedicated to wells as follows:

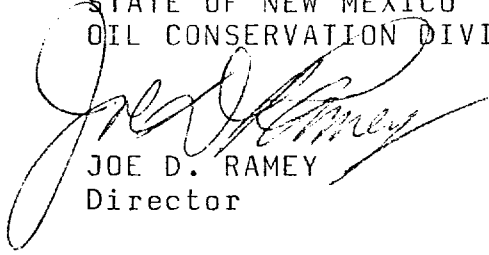
<u>Unit Description</u>	<u>Dedicated Well</u>
SW/4 Sec. 07, Twp 31N, Rge 12W	Owen No. 1, Unit M
SE/4 Sec. 07, Twp 31N, Rge 12W	Gross No. 1, Unit I
NW/4 Sec. 18, Twp 31N, Rge 12W	Arnstein No. 1, Unit C
SW/4 Sec. 18, Twp 31N, Rge 12W	Reid No. 1, Unit M
NE/4 Sec. 03, Twp 31N, Rge 13W	Alberding No. 1, Unit A
SE/4 Sec. 03, Twp 31N, Rge 13W	Landauer No. 1, Unit I

(2) That the Division Director shall have the authority to administratively cancel any pair of the aforesaid non-standard proration units and revert the affected lands back to a standard 320-acre proration unit upon a showing by the operator that allowable and/or over/under production problems are resulting from the size of the non-standard units, in which case the Division's standard well name and number system will be applicable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L  
fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 9097  
Order No. R-6760-A

APPLICATION OF COLUMBUS ENERGY  
CORPORATION FOR AN EXCEPTION TO  
RULE 5(a)2(2) OF DIVISION ORDER  
NO. R-8170, AS AMENDED, SAN JUAN  
COUNTY, NEW MEXICO.

*See Also Order No.  
R-6760*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of May, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing Division Case Nos. 9096, 9097, 9098, 9099, 9100, and 9101 were consolidated for the purposes of testimony.

(3) The applicant, Columbus Energy Corporation, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Blanco-Mesaverde Pool for the six previously approved 160-acre non-standard gas spacing and proration units as described in Exhibit "A", attached hereto and made a part hereof.

(4) The applicant presented testimony showing that by utilizing the current formula for calculating gas allocations in the Blanco-Mesaverde Pool as contained in said Order No. R-8170, there exists an inequity in that the gas allowable



assigned to a standard 320-acre proration unit (GPU) containing two wells is greater than the sum of the gas allowables assigned to two adjacent 160-acre non-standard gas proration units of equal deliverability.

(5) The effect of granting the application would be to substitute a deliverability (D) factor in place of the acreage times deliverability (AD) factor contrary to the applicable pool rules and would create other inequities in the pool.

(6) This particular variation of GPU sizes is a common phenomenon in the Blanco-Mesaverde Pool; therefore, a pool-wide rule change would be a more appropriate approach to solving this problem rather than filing exceptions in each case such as this.

(7) Granting this application would also invite numerous applications for similar treatment and would discourage rather than encourage the formation of standard 320-acre GPU's, all of which could disrupt the allocation of gas on an equitable basis in the pool.

(8) This application should therefore be denied.

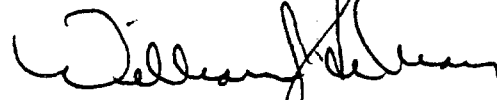
IT IS THEREFORE ORDERED THAT:

(1) The application of Columbus Energy Corporation for an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Blanco-Mesaverde Pool for each of the six previously approved 160-acre non-standard gas spacing and proration units, as described in Exhibit "A" attached hereto and made a part hereof, is hereby denied.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year  
hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY  
Director

S E A L

EXHIBIT "A"  
CASE NO. 9097  
ORDER NO. R-6760-A

- A. Lots 1 and 2 and the S/2 NE/4, comprising 160.10 acres of Section 3, dedicated to the applicant's Alberding Well No. 1 located 790 feet from the North and East lines (Unit A) of said Section 3;
- B. The SE/4 of Section 3, dedicated to the applicant's Landaver Well No. 1-E located 2255 feet from the South line and 680 feet from the East line (Unit I) of said Section 3;
- C. The SE/4 of Section 7, dedicated to the applicant's Gross Well No. 1-E located 1850 feet from the South line and 790 feet from the East line (Unit I) of said Section 7;
- D. Lots 3 and 4 and the E/2 SW/4, comprising 156.21 acres of Section 7, dedicated to the applicant's Owens Well No. 1 located 990 feet from the South and West lines (Unit M) of said Section 7;
- E. Lots 1 and 2 and the E/2 NW/4, comprising 156.82 acres of Section 18, dedicated to the applicant's Arnstein Well No. 1-E located 1065 feet from the North line and 1791 feet from the West line (Unit C) of said Section 18; and,
- F. Lots 3 and 4 and the E/2 SW/4, comprising 157.66 acres of Section 18, dedicated to the applicant's Reid Well No. 1 located 990 feet from the South line and 953 feet from the West line (Unit M) of said Section 18.

All of the aforementioned Sections are located in Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CMD :  
 OGDWELL  
 INQUIRE WELL DETAILS

07/22/02 14:11:19  
 ODOMES -TP1W

API Well No: 30 45 31029 Eff Date : 05-10-2002 APD Status : A  
 OGRID Idn : 173252 CORDILLERA ENERGY, INC.  
 Prop Idn : 24019 ARNSTEIN  
 Well No : 001B

U/L	Sec	Township	Range	North/South	East/West	Lot Idn
Surface Locn	: D	18	31N	12W	FTG 2460 F N FTG 660 F W	
API County	: 45	San Juan				

Well type : G Ground Level Elevn : 5840 Cable/Rotary : R  
 Lease type : F State Lease Number :

Prpsd Depth : 6900 Prpsd Formation : BLANCO MV/BASIN DK

M0025: Enter PF keys to scroll  
 PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
 PF07 PF08 PF09 PF10 IWCM PF11 HISTORY PF12 NXTREC

CMD : ONGARD 07/22/02 14:12:42  
 OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TP1W

OGRID Idn : 173252 API Well No: 30 45 31029 APD Status(A/C/P) : A  
 Opr Name, Addr: CORDILLERA ENERGY, INC. Aprvl/Cncl Date : 05-10-2002  
 8450 EAST CRESCENT PARKWAY  
 SUITE 400

GREENWOOD VILLAGE, CO 80111

Prop Idn: 24019 ARNSTEIN Well No: 1 B

U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: D	18	31N	12W		FTG 2460 F N	FTG 660 F W
OCD U/L	: D	API County : 45					

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 : 5840

State Lease No: Multiple Comp (S/M/C) : M  
 Prpsd Depth : 6900 Prpsd Frmtn : BLANCO MV/BASIN DK

E0009: Enter data to modify record  
 PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
 PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7319  
Order No. R-6760

APPLICATION OF CONSOLIDATED OIL  
& GAS, INC. FOR SIX 160-ACRE  
MESAVERDE PRORATION UNITS, SAN  
JUAN COUNTY, NEW MEXICO.

*See Also Order No. R-6760-A*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., seeks approval of six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, said units to comprise the NW/4 and SW/4 of Section 18 and the SW/4 and SE/4 of Section 7, both in Township 31 North, Range 12 West, and the NE/4 and SE/4 of Section 3, Township 31 North, Range 13 West, each unit to be dedicated to an existent well already drilled thereon.

(3) That the aforesaid six non-standard proration units would be created by splitting three standard 320-acre units, each of which has an original well, and an infill well thereon, and is occasioned by certain administrative problems relating to well names and numbers.

(4) That the creation of the six non-standard units out of three standard units will not cause waste nor impair correlative rights and should be approved provided however provision

should be made for administrative abolishment of the non-standard units and reversion to standard units in the event allowable and over/under production problems should render the smaller size units impracticable.

IT IS THEREFORE ORDERED:

(1) That six 160-acre non-standard gas proration units in the Blanco Mesaverde Pool, San Juan County, New Mexico, are hereby created and dedicated to wells as follows:

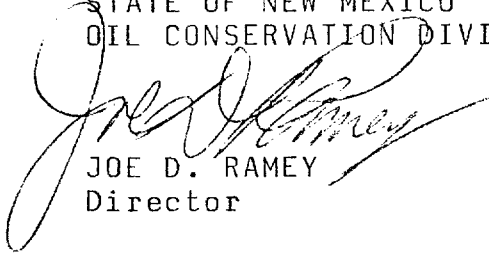
<u>Unit Description</u>	<u>Dedicated Well</u>
SW/4 Sec. 07, Twp 31N, Rge 12W	Owen No. 1, Unit M
SE/4 Sec. 07, Twp 31N, Rge 12W	Gross No. 1, Unit I
NW/4 Sec. 18, Twp 31N, Rge 12W	Arnstein No. 1, Unit C
SW/4 Sec. 18, Twp 31N, Rge 12W	Reid No. 1, Unit M
NE/4 Sec. 03, Twp 31N, Rge 13W	Alberding No. 1, Unit A
SE/4 Sec. 03, Twp 31N, Rge 13W	Landauer No. 1, Unit I

(2) That the Division Director shall have the authority to administratively cancel any pair of the aforesaid non-standard proration units and revert the affected lands back to a standard 320-acre proration unit upon a showing by the operator that allowable and/or over/under production problems are resulting from the size of the non-standard units, in which case the Division's standard well name and number system will be applicable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L  
fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 9097  
Order No. R-6760-A

APPLICATION OF COLUMBUS ENERGY  
CORPORATION FOR AN EXCEPTION TO  
RULE 5(a)2(2) OF DIVISION ORDER  
NO. R-8170, AS AMENDED, SAN JUAN  
COUNTY, NEW MEXICO.

*See Also Order No.  
R-6760*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of May, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing Division Case Nos. 9096, 9097, 9098, 9099, 9100, and 9101 were consolidated for the purposes of testimony.

(3) The applicant, Columbus Energy Corporation, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Blanco-Mesaverde Pool for the six previously approved 160-acre non-standard gas spacing and proration units as described in Exhibit "A", attached hereto and made a part hereof.

(4) The applicant presented testimony showing that by utilizing the current formula for calculating gas allocations in the Blanco-Mesaverde Pool as contained in said Order No. R-8170, there exists an inequity in that the gas allowable



assigned to a standard 320-acre proration unit (GPU) containing two wells is greater than the sum of the gas allowables assigned to two adjacent 160-acre non-standard gas proration units of equal deliverability.

(5) The effect of granting the application would be to substitute a deliverability (D) factor in place of the acreage times deliverability (AD) factor contrary to the applicable pool rules and would create other inequities in the pool.

(6) This particular variation of GPU sizes is a common phenomenon in the Blanco-Mesaverde Pool; therefore, a pool-wide rule change would be a more appropriate approach to solving this problem rather than filing exceptions in each case such as this.

(7) Granting this application would also invite numerous applications for similar treatment and would discourage rather than encourage the formation of standard 320-acre GPU's, all of which could disrupt the allocation of gas on an equitable basis in the pool.

(8) This application should therefore be denied.

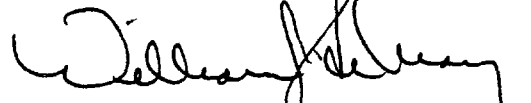
IT IS THEREFORE ORDERED THAT:

(1) The application of Columbus Energy Corporation for an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Blanco-Mesaverde Pool for each of the six previously approved 160-acre non-standard gas spacing and proration units, as described in Exhibit "A" attached hereto and made a part hereof, is hereby denied.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year  
hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

S E A L

EXHIBIT "A"  
CASE NO. 9097  
ORDER NO. R-6760-A

- A. Lots 1 and 2 and the S/2 NE/4, comprising 160.10 acres of Section 3, dedicated to the applicant's Alberding Well No. 1 located 790 feet from the North and East lines (Unit A) of said Section 3;
- B. The SE/4 of Section 3, dedicated to the applicant's Landaver Well No. 1-E located 2255 feet from the South line and 680 feet from the East line (Unit I) of said Section 3;
- C. The SE/4 of Section 7, dedicated to the applicant's Gross Well No. 1-E located 1850 feet from the South line and 790 feet from the East line (Unit I) of said Section 7;
- D. Lots 3 and 4 and the E/2 SW/4, comprising 156.21 acres of Section 7, dedicated to the applicant's Owens Well No. 1 located 990 feet from the South and West lines (Unit M) of said Section 7;
- E. Lots 1 and 2 and the E/2 NW/4, comprising 156.82 acres of Section 18, dedicated to the applicant's Arnstein Well No. 1-E located 1065 feet from the North line and 1791 feet from the West line (Unit C) of said Section 18; and,
- F. Lots 3 and 4 and the E/2 SW/4, comprising 157.66 acres of Section 18, dedicated to the applicant's Reid Well No. 1 located 990 feet from the South line and 953 feet from the West line (Unit M) of said Section 18.

All of the aforementioned Sections are located in Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico.