

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

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OF COUNSEL

June 29, 1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Case 12220

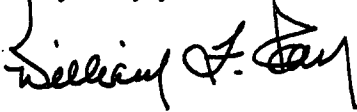
Re: Application of Cross Timbers Oil Company for administrative approval of an unorthodox location for its proposed Brown Well No. 3 to be drilled 1775 feet from the South line and 1090 feet from the East line of Section 29, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

Dear Ms. Wrotenbery:

Hallwood Petroleum, Inc. hereby objects to the above referenced unorthodox well location and requests that the administrative application filed by Cross Timbers Oil Company on June 15, 1999 be set for hearing before a Division Examiner.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC/bh

cc: Ms. Connie Heath
Hallwood Petroleum, Inc.

Edwin S. Ryan, Jr.
Cross Timbers Oil Company



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 29, 1999

Cross Timbers Operating Company
810 Houston Street – Suite 2000
Fort Worth, Texas 76102-6298

12220

Attention: Edwin S. Ryan, Jr.

RE: *Administrative application of Cross Timbers Operating Company to drill its Brown Well No. 3 (API No. 30-045-29900) at an off-pattern non-standard Basin-Fruitland coal gas well location 1775' FSL & 1090' FEL (Unit 1) of Section 29, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, in which the S/2 of Section 29 is to be dedicated in order to form a standard 320-acre lay-down gas spacing and proration unit within the Basin-Fruitland Coal (Gas) Pool.*

Dear Mr. Ryan:

On June 28, 1999 the Division received an objection from Hallwood Petroleum, Inc. to the subject application, see copy of a letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for July 22, 1999. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
William F. Carr, Legal Counsel for Hallwood Petroleum, Inc. - Santa Fe
Florene Davidson - OCD, Santa Fe
Kathy Valdes - OCD, Santa Fe

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June 29, 1999

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Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

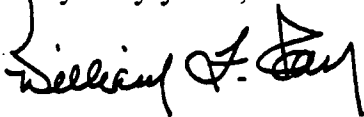
Re: Application of Cross Timbers Oil Company for administrative approval of an unorthodox location for its proposed Brown Well No. 3 to be drilled 1775 feet from the South line and 1090 feet from the East line of Section 29, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

Dear Ms. Wrotenbery:

Hallwood Petroleum, Inc. hereby objects to the above referenced unorthodox well location and requests that the administrative application filed by Cross Timbers Oil Company on June 15, 1999 be set for hearing before a Division Examiner.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC/bh

cc: Ms. Connie Heath
Hallwood Petroleum, Inc.

Edwin S. Ryan, Jr.
Cross Timbers Oil Company

Received
OCD
6/28/99

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 16, 1999

Via Fax and U.S. Mail

Mark Ashley
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 1220; Application of Cross Timbers Operating Company

Dear Mr. Ashley:

Please continue the above case to the August 5, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Nearburg
Exploration Company, L.L.C.

cc: William F. Carr (via fax)

CASE 12217: **Application of Merrion Oil & Gas Corporation for Compulsory Pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 31 North, Range 8 West, in order to form a standard 320-acre gas spacing and proration unit. This unit is to be dedicated to applicant's proposed U-Da-Well Com. Well No. 1 to be drilled at a previously approved unorthodox coal gas well location in the SE/4 NW/4 (Unit F) of Section 2 (see Division Administrative Order NSL-4281 dated May 13, 1999). Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately nine miles north-northwest of the Navajo Lake Dam.

CASE 12218: **Application of Robert L. Bayless, Producer L.L.C. for an Unorthodox Coal Gas Well Location, San Juan County, New Mexico.** Applicant seeks approval to drill its proposed Oxnard "WN" Federal Well No. 13 (API No. 30-045-29914) at an off-pattern non-standard coal gas well location 1640 feet from the North line and 1160 feet from the West line (Unit E) of Section 14, Township 27 North, Range 8 West, which is located approximately 14 miles southeast of Blanco, New Mexico. The W/2 of Section 14 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

CASE 12219: **Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the N/2 SE/4, and in all formations developed on 40-acre spacing underlying the NE/4 SE/4, from the surface to the base of the Abo formation, Pecos slope-Abo Gas Pool, of Section 20, Township 7 South, Range 25 East. The units are proposed to be dedicated to the proposed Reinauer "RC" Federal Com Well No. 3 which will be drilled at a standard location 1980 feet from the South line and 1000 feet from the East line of (Unit I) of Section 20. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 30 miles northeast of Roswell, New Mexico.

CASE 12220: **Application of Cross Timbers Operating Company for an Unorthodox Coal Gas Well Location, San Juan County, New Mexico.** Applicant seeks approval to drill its proposed Brown Well No. 3 (API No. 30-045-29900) at an off-pattern non-standard coal gas well location 1775 feet from the South line and 1090 feet from the East line (Unit I) of Section 29, Township 30 North, Range 12 West, which is located approximately 6 miles northeast of Farmington, New Mexico. The S/2 of Section 29 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

CASE 12194: **Continued from July 8, 1999, Examiner Hearing.**

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: **Continued from July 8, 1999, Examiner Hearing.**

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12208: Continued from July 22, 1999, Examiner Hearing.

Application of St. Mary Land & Exploration Company for approval of a waterflood project and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy and Lea Counties, New Mexico. Applicant seeks approval of its East Shugart (Delaware) Unit Waterflood Project by the injection of water into the Brushy Canyon formation of the Delaware Mountain Group through 9 wells located in the following area:

Township 18 South, Range 31 East, NMPM

Section 13: S/2 SE/4

Section 24: NE/4, N/2 SE/4

Township 18 South, Range 32 East, NMPM

Section 18: Lot 4

Section 19: Lots 1-3, E/2 NW/4, NE/4 SW/4

Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-2 NMSA 1978). This project is located approximately 11.5 miles southeast of Loco Hills, New Mexico.

CASE 12220: Continued from July 22, 1999, Examiner Hearing.

Application of Cross Timbers Operating Company for an Unorthodox Coal Gas Well Location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Brown Well No. 3 (API No. 30-045-29900) at an off-pattern non-standard coal gas well location 1775 feet from the South line and 1090 feet from the East line (Unit I) of Section 29, Township 30 North, Range 12 West, which is located approximately 6 miles northeast of Farmington, New Mexico. The S/2 of Section 29 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

CASE 12194: Continued from July 22, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: Continued from July 22, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.