



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 10, 1997

Fasken Oil and Ranch, Ltd.
303 West Wall Avenue - Suite 1900
Midland, Texas 79701-5116

Attention: Tommy E. Taylor
Drilling and Production Engineer

Re: *Administrative application for Fasken Oil and Ranch, Ltd. ("Fasken") to drill its Indian Hills Unit Well No. 15 (API No. 30-015-29870) at an unorthodox gas well location 1300 feet from the South line and 330 feet from the West line (Lot 5/Unit M) of Section 17, Township 21 South, Range 24 East, NMPM, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico and to dedicate to said well a non-standard 326.14-acre gas spacing and proration unit comprising Lots 3, 4, 5, and 6 and the NW/4 (W/2 equivalent) of said Section 17.*

Dear Mr. Taylor:

On October 2, 1997 the Division received an objection from Yates Petroleum Corporation to the subject application, see copy of letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for November 6, 1997. Further review of this application and OCD records of wells within said Section 17 indicate that the additional matter of acreage reduction and the concomitant formation of a 337.72-acre gas spacing and proration unit comprising Lots 1, 2, 7, and 8 and the NE/4 (E/2 equivalent) of said Section 17 for Fasken's existing Indian Hills Unit Gas Com "A" Well No. 6 (API No. 30-015-20006), located at a previously approved unorthodox gas well location (see Division Administrative Order NSL-393, dated February 13, 1967) 1440 feet from the South and East lines (Lot 2/Unit J) of said Section 17 will need to be addressed at that time. This matter will therefore be advertised in the following manner:

"Application of Fasken Oil and Ranch, Ltd. for two non-standard gas spacing and proration units and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to divide the existing standard 663.86-acre gas spacing and proration unit comprising all of Section 17, Township 21 South, Range 24 East (which is located approximately 3 miles east-northeast of the Marathon Oil Company Indian Basin Gas Plant), in the Indian Basin-Morrow Gas Pool currently operated by Fasken Oil and Ranch Ltd. and dedicated to its

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existing Indian Hills Unit Gas Com. "A" Well No. 6 (API No. 30-015-20006), located at a previously approved (see Division Administrative Order NSL-393, dated February 13, 1967) unorthodox gas well location 1440 feet from the South and East lines (Lot 2/Unit J) of said Section 17 into two separate non-standard gas spacing and proration units each comprising approximately 320 acres. Lots 1, 2, 7, and 8 and the NE/4 (the E/2 equivalent) of said Section 17, comprising 337.72 acres, is to be dedicated to the above-described Indian Hills Unit Gas Com "A" Well No. 6 and Lots 3, 4, 5, and 6 and the NW/4 (W/2 equivalent) of said Section 17, comprising 337.72 acres, is to be dedicated to the proposed Indian Hills Unit Well No. 15 (API No. 30-015-29870) to be drilled at an unorthodox gas well location 1300 feet from the South line and 330 feet from the West line (Lot 5/Unit M) of Section 17."

Please provide adequate notice pursuant to Rule 1207.A(5) and (6) of the Division's General 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

cc: Oil Conservation Division - Hobbs
Yates Petroleum Corporation, c/o William F. Carr - Santa Fe
W. Thomas Kellahin - Santa Fe
William J. LeMay, Director - OCD, Santa Fe
Kathy Valdes - OCD, Santa Fe

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

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October 2, 1997

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

OCT 2 1997

Oil Conservation Division

Re: Objection to Application of Fasken Oil and Ranch, Ltd. for an unorthodox well location and non-standard spacing unit, Eddy County, New Mexico.

Dear Mr. LeMay:

Yates Petroleum Corporation hereby objects to the application of Fasken Oil and Ranch, Ltd. ("Fasken") for an unorthodox well location for its Indian Hills Unit No. 15 Well which it proposes to drill to the Indian Basin-Morrow Gas Pool at a point 1300 feet from the South line and 330 feet from the West line of Section 17, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico. Fasken proposes to dedicate a non-standard ⁶⁴⁰320-acre proration unit to the well.

Yates Petroleum Corporation is an affected offsetting operator and requests that this application be set for hearing before Division Examiner.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Janet Richardson,
Yates Petroleum Corporation

Tommy E. Taylor
Fasken Oil and Ranch, Ltd.

W. Thomas Kellahin, Esq.