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2004 JUN 15 PM 4 28

June 15, 2004

*Case 13301*

Hand Delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application to amend pool rules, together with a proposed advertisement, filed on behalf of HEC Petroleum, Inc. Please set this matter for the July 8, 2004 Examiner hearing. Thanks.

The advertisement is also on the enclosed disk.

Very truly yours,

  
James Bruce

Attorney for HEC Petroleum, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2004 JUN 15 PM 4 28

APPLICATION OF HEC PETROLEUM, INC. TO  
AMEND THE SPECIAL RULES AND REGULATIONS  
FOR THE CATCLAW DRAW-MORROW GAS POOL,  
EDDY COUNTY, NEW MEXICO.

No. 13301

APPLICATION

HEC Petroleum, Inc. applies for an order amending the special rules and regulations of the Catclaw Draw-Morrow Gas Pool (the "Pool"), and in support thereof, states:

1. Applicant is a working interest owner and operator in the Pool.
2. The Pool was created by Commission Order No. R-4157, and currently covers the following lands in Eddy County, New Mexico:

Township 21 South, Range 25 East, N.M.P.M.

Section 1:	Lots 1-16 and S½ (All)
Section 2:	Lots 1-16 and S½ (All)
Section 11-14:	All
Section 23-28:	All
Section 34-36:	All

Township 21 South, Range 26 East, N.M.P.M.

Section 19:	All
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3. Commission Order No. R-1670-O, as amended by Commission Order No. R-4157-B, as amended, instituted special rules for the Pool, providing for:

- (a) 640 acre spacing;
- (b) two wells per well unit, to be located in different quarter sections;
- (c) initial wells to be located no closer than 1650 feet to the outer boundary of the section, nor closer than 330 feet to a quarter-quarter section line; and
- (d) second wells to be located no closer than 1650 feet to the outer boundary of the section, nor closer than 330 feet to a quarter-quarter section line, nor closer than 990 feet to any existing Morrow well in the well unit.

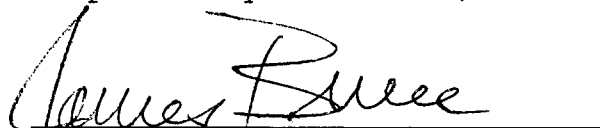
4. Applicant requests amendment of the special pool rules for the Pool to provide for the following:

- (a) 640 acre well spacing;
- (b) four wells per well unit, provided that no more than one well shall be allowed per quarter section;
- (c) orthodox well locations no closer than 660 feet to a quarter section line, nor closer than 10 feet to a quarter-quarter section line or subdivision inner boundary; and
- (d) the operator of all wells in a well unit shall be the same.

5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for HEC Petroleum,  
Inc.

**PROPOSED ADVERTISEMENT**

Case 13301: Application of HEC Petroleum, Inc. to amend the special rules and regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. Applicant seeks an order amending the special rules and regulations for the Catclaw Draw-Morrow Gas Pool to provide for 640 acre well units, four wells per well unit with no more than one well per quarter section, wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line or subdivision inner boundary, and one operator per well unit. The subject pool covers all or parts of Sections 1, 2, 11-14, 23-28, and 34-36, Township 21 South, Range 25 East, NMPM, and Section 19 of Township 21 South, Range 25 East, NMPM. The pool is centered approximately 8½ miles northwest of Carlsbad, New Mexico.