

MILLER STRATVERT P.A.
LAW OFFICES

RANNE B. MILLER
ALICE T. LORENZ
GREGORY W. CHASE
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
SETH V. BINGHAM
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK

THOMAS M. DOMME
RUTH O. PREGENZER
JEFFREY E. JONES
ROSS B. PERKAL
JAMES J. WIDLAND
BRADLEY D. TEPPER
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH FUESS
H. BROOK LASKEY
KATHERINE W. HALL
PAULA G. MAYNES
MICHAEL C. ROSS
CARLA PRANDO

JENNIFER L. STONE
GARY RISLEY
M. DYLAN O'REILLY
JENNIFER D. HALL
JENNIFER L. OLSON
TODD A. SCHWARZ
NELL GRAHAM SALE
SCOTT P. HATCHER
LEONARD D. SANCHEZ
MICHELLE K. OSTRYE
KELSEY D. GREEN
MARCY BAYSINGER
DAVID J. MARTIN
CAROLINE BLANKENSHIP
MATTHEW S. RAPPAPORT

ALBUQUERQUE, NM

500 MARQUETTE NW, SUITE 1100
P.O. BOX 25687 (87125-0687)
ALBUQUERQUE, NM 87102
TELEPHONE: (505) 842-1950
(800) 424-7585
FACSIMILE: (505) 243-4408

SANTA FE, NM

150 WASHINGTON AVE., SUITE 300
P.O. BOX 1986 (87504-1986)
SANTA FE, NM 87501
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

FARMINGTON, NM

300 WEST ARRINGTON, SUITE 300
P.O. BOX 869 (87499-0869)
FARMINGTON, NM 87401
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

LAS CRUCES, NM

1125 SOUTH MAIN ST., SUITE B
P.O. BOX 1209 (88004-1209)
LAS CRUCES, NM 88005
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

COUNSEL

WILLIAM K. STRATVERT
JAMES B. COLLINS

* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

May 23, 2003

HAND-DELIVERED

Lori Wrottenbery, Director
New Mexico Oil Conservation Director
1220 South St. Francis
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Case No. 13085; Application of EGL Resources, Inc. and Robert Landreth for Pool Extension for the North Bell Lake-Devonian Gas Pool and Expansion of Gas Spacing and Proration Unit, Lea County, New Mexico

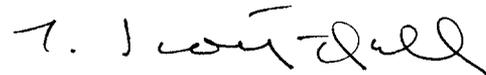
Dear Ms. Wrottenbery:

Enclosed are an original and two copies of the Application of EGL Resources, Inc. and Robert Landreth in the above referenced matter. On behalf of the Applicant, we request this matter be set for hearing on the June 19, 2003 Division Examiner hearing docket. Also enclosed on disk and in hard copy is a proposed advertisement for the case.

Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb

Enclosures

cc: Wes Perry
Robert Landreth

PLEASE REPLY TO SANTA FE

RECEIVED

MAY 23 2003

Oil Conservation Division

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

MAY 23 2003

Oil Conservation Division

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

APPLICATION OF EGL RESOURCES, INC. AND
ROBERT LANDRETH FOR POOL EXTENTION FOR
THE NORTH BELL LAKE-DEVONIAN GAS POOL AND
EXPANSION OF GAS SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO

CASE NO. 13085

APPLICATION

EGL Resources, Inc., ("EGL"), and Robert Landreth, ("Landreth"), through their counsel, hereby make application to the Oil Conservation Division for an order extending the pool boundaries of the North Bell Lake-Devonian Gas Pool (71840) to include Sections 4 and 5, Township 23 South, Range 34 East, NMPM in Lea County and concurrently expanding the 320-acre gas spacing and proration unit created by Order No. R-11962 presently consisting of the N/2 of said Section 4 to include the entirety of said Section 4 to form a 640-acre spacing and proration unit from the base of the Morrow formation to the base of the Devonian formation. In support of their Application, EGL and Landreth state:

1. The North Bell Lake-Devonian Gas Pool was established by the Oil Conservation Commission pursuant to Order No. R-2187 issued on March 1, 1962 following the completion of the Continental Oil Company Bell Lake Unit No. 6 discovery well located in Unit O of Section 6, T-23-S, R-34-E. The Bell Lake Unit No. 6 discovery well was completed as a producing gas well in the Devonian formation on June 8, 1960. Subsequently, on August 4, 1980, the Division issued Order No. R-6424 extending the boundaries of the North Bell Lake-Devonian Gas Pool to

include the entirety of Section 6, along with Sections 7 and 18, all in T-23-S, R-34-E. Order No. R-6424 also established special pool rules for the North Bell Lake-Devonian Gas Pool which require 640-acre spacing for development in that pool.

2. EGL is the owner and operator of the Rio Blanco 4 Federal Well No. 1 (API No. 30-025-34515) located at a standard location (Unit F) 1980 feet from the north and west lines of said Section 4. EGL proposes to re-enter the Rio Blanco 4 Federal Well No. 1 presently drilled to the Morrow formation and deepen the well by way of a side-track to the Devonian formation.

3. By Order No. R-11962 issued by the Division on May 13, 2003, the working interests from the base of the Morrow to the base of the Devonian formation underlying the N/2 of said Section 4 were consolidated to form a standard 320-acre wildcat gas spacing and proration unit dedicated to the Rio Blanco 4 Federal Well No. 1. EGL was also designated as operator of the well and the unit.

4. Applicants seek the extension of the horizontal limits of the North Bell Lake-Devonian Gas Pool to include all of Sections 4 and 5, T-23-S, R-34-E, NMPM in Lea County.

5. Applicants also seek the expansion of the 320-acre unit created by Order No. R-11962 to include the S/2 of said Section between the base of the Morrow formation and the base of the Devonian formation in order to create a 640-acre gas spacing and proration unit consistent with the special pool rules and regulations for the North Bell Lake-Devonian Gas Pool. Applicants further request that the compulsory pooling provisions of Order No. R-11962 be made applicable to the uncommitted interests within the S/2 of said Section 4.

6. The application of the special pool rules and regulations for the North Bell Lake-Devonian Gas Pool to Section 4 is necessary and appropriate for the orderly and efficient development of Devonian formation gas reserves. Devonian formation gas reserves are best

developed and produced on 640-acre proration units so that the unnecessary dissipation of reservoir energy, the violation of correlative rights, a reduction of the ultimate recovery of reserves, and the drilling of unnecessary wells may be avoided.

7. EGL further requests the expansion of the gas spacing and proration unit and the extension of the special pool rules and regulations for the North Bell Lake Devonian Gas Pool to Sections 4 and 5 be made effective as of May 13, 2003, the date of the entry of Order No. R-11962.

8. EGL is supported in this Application by Robert Landreth in all respects.

9. Together, the Applicants EGL and Landreth own and control 87.50% of the working interests in the proposed expanded 640-acre unit in Section 4.

10. Granting this application will be in the best interests of conservation, the prevention of waste, including avoiding the drilling of unnecessary wells, and the protection of correlative rights.

Wherefore, EGL and Landreth requests this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 19, 2003, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other relief as deemed appropriate.

Respectfully submitted,

MILLER STRATVERT P.A.

By: J. Scott Hall

J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614
Attorneys for EGL Resources, Inc. and
Robert Landreth