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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 11, 1997

HAND DELIVERED

11755

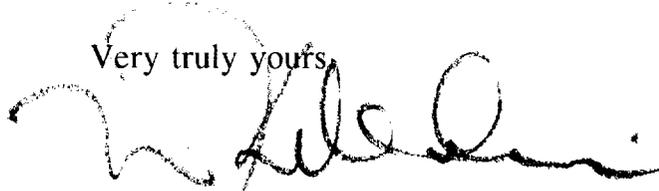
Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: First Amended Application of Fasken Oil and Ranch, Ltd. for
a Non-Standard Gas Proration and Spacing Unit and Two
Alternate Unorthodox Gas Well Locations, Catclaw Draw-
Morrow Gas Pool, Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Fasken Oil and Ranch, Ltd., please find enclosed our
first amended application for a two alternate unorthodox gas well locations
and a non-standard proration and spacing unit which we request be set for
hearing on the next available Examiner's docket now scheduled for
April 3, 1997. Also enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Fasken Oil and Ranch, Ltd.
Attn: Sally M. Kvasnicka

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

IN THE MATTER OF THE APPLICATION OF
FASKEN OIL AND RANCH, LTD. FOR TWO
UNORTHODOX GAS WELL LOCATIONS AND A
NON-STANDARD GAS PRORATION AND SPACING UNIT,
EDDY COUNTY, NEW MEXICO

CASE: 11733

FIRST AMENDED APPLICATION

Comes now FASKEN OIL AND RANCH, LTD. ("Fasken") by and through its attorneys, KELLAHIN and KELLAHIN, and for its first amended application, applies to the New Mexico Oil Conservation Division ("NMOCD") for approval to dedicate a non-standard 297.88-acre gas spacing unit consisting of Lots 29, 30, 31, 32, and SW/4 (S/2 equivalent) Irregular Section 1, Township 21 South, Range 25 East authority to drill a well to a depth sufficient to test the Morrow formation at an unorthodox gas well location either 750 feet from the West line and 2080 feet from the South line or, in the alterative, 660 feet from the South Line and 2310 feet from the East line, both in Irregular Section 1, Township 21 South, Range 25 East, NMPM, said locations being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow, including but not limited to the Catclaw Draw-Morrow Gas Pool.

In support thereof, Applicant states:

1. Applicant, Fasken, is the operator of the southern portion of Irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, as a result of a Joint Operating Agreement dated April 1, 1970 which includes Mewbourne Oil Company ("Mewbourne") Matador Petroleum Corporation, Devon Energy Corporation, and others, as non-operators.

2. Irregular Section 1 consists of 853.62 acres is divided into thirds with the central portion of this section being "unleased" federal oil and gas minerals the surface of which is subject to a federal environmental study. As a result, applicant requests approval of a non-standard 297.88 acre unit ("NSP") comprising the southern portion of Irregular Section 1 described as Lots 29, 20, 31, 32 and the SW/2 (S/2 equivalent).

3. Fasken, as operator, proposes to drill the Avalon "1" Federal Com Well No. 2 at an unorthodox gas well location 750 feet from the West line and 2080 from the South line ("the Fasken location") of said Irregular Section 1. **See Exhibit A.**

4. Mewbourne, as a non-operator and working interest owner in this NSP, proposes that the well be at an unorthodox well location 2310 feet from the East line and 660 feet from the south line ("the Mewbourne location") of said Irregular Section 1.

5. In accordance with the Joint Operating Agreement, Fasken has the exclusive right and authority to file an application for permit to drill and any applications before the Division concerning operations including unorthodox well locations.

6. Fasken contends its proposed location is the optimum location in the proposed spacing unit at which to drill to test for Morrow gas production, while Mewbourne contends its location is the optimum location.

7. Therefore, Fasken seeks approval of the requested non-standard gas proration and spacing unit including the approval of two different unorthodox well locations:

(a) 750 feet from the West line and 2080 from the South line ("the Fasken location") of said Irregular Section 1.

(b) 2310 feet from the East line and 660 feet from the south line ("the Mewbourne location") of said Irregular Section 1.

subject to the stipulation that the drilling of one location correspondingly voids the approval of the alternate location.

8. Fasken proposes to dedicate the southern 297.88 acres of Irregular Section 1 to which ever well is drilled and if it is capable of gas production from the top of the Wolfcamp to the base of the Morrow formation.

9. Fasken proposes to drill this well(s) to a total depth of 10,650 feet to test for gas production from the Morrow formation and shallower formations.

10. Both well locations are within one mile of the current boundary of the Catclaw Draw-Morrow Gas Pool which is subject to the Division's Special Rules and Regulations (Order R-4157-D) which include:

"Rule: 2...shall be located no closer than 1650 feet to the outer boundary of the section nor closer than 330 feet to any governmental quarter-quarter section line."

"Rule 5: A standard gas proration unit...shall be 640-acres."

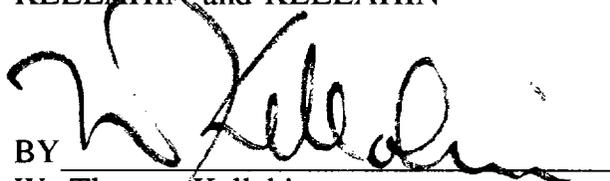
11. While the Catclaw Draw-Morrow Gas Pool is still officially "prorated", prorationing has been suspended and the wells in the pool are allowed to produce at capacity.

12. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

13. Notification of this application has been sent to all adjoining and offsetting operators and all interest owners within Irregular Section 1, as set forth on Exhibit "B" attached.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "B"

Adobe Resources 12-1
P. O. Box 118
Santa Barbara, CA 93102

Adobe Resources
P. O. Box 20581
Albuquerque, New Mexico 87154

BK Exploration, Inc.
810 S. Cincinnati
Suite 110
Tulsa, OK 74119

Brooks Oil and Gas Interests
600 Commerce Street
192 District Court
Dallas, Texas 75202

Bureau of Land Management
1717 West Second Street
Roswell, New Mexico 88201

Chevron USA, Inc.
P. O. Box 1150
Midland, Texas 79702

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Devon Energy Corporation (Nevada)
Suite 1500
20 North Broadway
Oklahoma City, OK 73102

Greenwade Oil, Ltd.
P. O. Box 1675
Roswell, New Mexico 88202

HanESCO Inc.
Box 2588
Roswell, NM 88202

Barbara D. Hannifin
Box 182
Roswell, NM 88202

Robert H. Hannifin
Box 216
Roswell, NM

M.J. Harvey, Jr.
Box 12705
Dallas, Texas 75225

Robert L. Haynie
5644 S. Yosemite #305
Englewood, CA 80111

ICA Energy, Inc.
C/O Minerals Technologies, Inc,
Box 5823
Midland, Texas 79704

Dalton Kincheloe
859 Petroleum Bldg.
Roswell, NM 88201

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

Matador Petroleum Corporation
415 Wall Street, Suite 101
Midland, Texas 79701
Attn: Mona Ables

Len Mayer
260 Lincoln Tower Bldg.
Denver, Colorado 80203

Roy L. McKay
P. O. Box 2014
Roswell, New Mexico 88202

McKay Oil Corporation
P. O. Box 2014
Roswell, New Mexico 88202

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701
Attn: Steve Cobb

Ralph Nix, a Partnership
P. O. Box 440
Artesia, New Mexico 88211

Penwell Energy, Inc.
Suite 1100600
North Marientfeld
Midland, Texas 79701
Attn: Mark Wheeler

Texaco Exploration & Production, Inc.
500 North Loraine
Midland, Texas 79701
Attn: Ron Lanning

Texaco
Box 2100
Denver, Colorado 80201

Union Oil Company of California
Box 3100
Midland, Texas 79701

Union Oil Company of California
P. O. Box 4551
Houston, Texas 77210

Proposed notification/advertisement for OCD docket

Case 1755: First Amended Application of Fasken Oil and Ranch, Ltd. for a non-standard gas proration and spacing unit and two alternate unorthodox gas well locations, Eddy County, New Mexico. Applicant seeks approval to dedicate a non-standard 297.88-acre gas spacing unit consisting of Lots 29, 30, 31, 32, and SW/4 (S/2 equivalent) Irregular Section 1, Township 21 South, Range 25 East authority to drill a well to a depth sufficient to test the Morrow formation at an unorthodox gas well location either 750 feet from the West line and 2080 feet from the South line or, in the alternative, 660 feet from the South Line and 2310 feet from the East line, both in Irregular Section 1, Township 21 South, Range 25 East, NMPM, said locations being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow, including but not limited to the Catclaw Draw-Morrow Gas Pool.

Said unit is located approximately 9 miles northwest from Carlsbad, New Mexico.