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CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

*NOT LICENSED IN NEW MEXICO

March 31, 1993

Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Dear Mr. Stogner:

Enclosed is an Amended Application regarding the application of The Gary-Williams Company for approval of a unit agreement and special operating rules and regulations for the unit. It has been corrected to (1) reflect that the unit covers federal, state, and fee land, and (2) include in the land description (Exhibit A) Sections 20-24 of 21 North - 3 West, as well as the land previously described. I apologize for the mix-up.

Very truly yours,

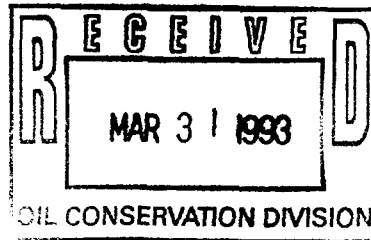
HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB:frs
Enclosures

VIA HAND DELIVERY

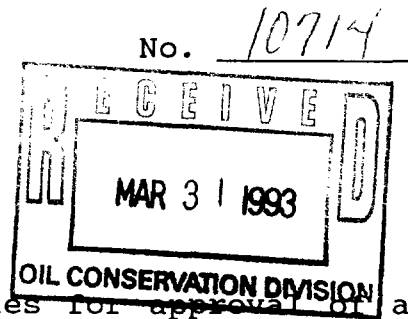
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10714

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF THE GARY-WILLIAMS COMPANY
FOR APPROVAL OF A UNIT AGREEMENT, AND FOR
SPECIAL OPERATING RULES AND REGULATIONS
FOR THE CEJA PELON UNIT, SANDOVAL COUNTY,
NEW MEXICO.



AMENDED APPLICATION

The Gary-Williams Company hereby applies for approval of a unit agreement for its proposed Ceja Pelon Unit, and for special operating rules and regulations therefor, and in support thereof states:

1. Applicant requests approval of the Ceja Pelon Unit Agreement ("the Unit"), an exploratory unit, for a unit area comprised of 25,445.43 acres of federal, state, and fee land in Sandoval County, New Mexico, more particularly described on Exhibit A attached hereto.

2. Applicant is a working interest owner in the Unit, and is the proposed operator of the Unit.

3. Applicant has formed the Unit, in part, for the purpose of drilling horizontal/high angle directional wells in the Mancos formation, in the designated and undesignated Rio Puerco-Mancos Oil Pool ("the Pool").

4. Applicant seeks approval of special operating rules and regulations for wells drilled in the Pool within the Unit, including:

(a) Administrative approval of horizontal/high angle directional wells drilled within the Unit.

(b) Administrative approval of well units comprising 320 acres or more, in increments of 40 acres, comprised of contiguous governmental quarter-quarter sections, and further allowing units containing quarter-quarter sections from more than one governmental section.

(c) Well location requirements permitting horizontal directionally drilled wells to be no closer than 660 feet from the outer boundary of a well unit. Wells completed on units on the exterior of the unit shall not be nearer than 1,800 feet to any other well outside said unit completed or drilling in the Pool.

(d) An oil allowable of 19,200 barrels (60 x 320 barrels) for a 60 day period while drilling and completing a horizontal/high angle well drilled in the Pool.

(e) For well units in excess of 320 acres, an oil allowable of 320 barrels times the ratio of the unit acreage to 320 acres.

(f) Administrative approval of unorthodox surface locations so long as the bottom hole location complies with subparagraph (c) above.

5. The designated and undesignated Rio Puerco-Mancos Oil Pool covers the Unit except for Sections 7 through 10 of Township 21 North, Range 2 West, and Sections 12, 14, 15, and 16 of Township 21 North, Range 3 West. As a result, Applicant requests that the special operating rules and regulations not apply to said acreage until said acreage is included within the Pool.

6. The relief requested herein by Applicant is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

EXHIBIT A

Township 20 North, Range 3 West, N.M.P.M.

Section 6: All

Township 20 North, Range 4 West, N.M.P.M.

Section 1: All

Township 21 North, Range 2 West, N.M.P.M.

Sections 7 through 10: All

Sections 15 through 18: All

Sections 19 through 22: All

Sections 27 through 30: All

Township 21 North, Range 3 West, N.M.P.M.

Sections 12 through 16: All

Sections 20 through 34: All

Township 21 North, Range 4 West, N.M.P.M.

Section 25: All

Section 36: All

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DARLA M. SILVA

*NOT LICENSED IN NEW MEXICO

March 30, 1993

Florene Davidson
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Dear Florene:

Enclosed for filing are two applications and proposed advertisements for same, together with an explanatory letter to Mr. Stogner regarding the application for a horizontal directional drilling pilot project.

Very truly yours,

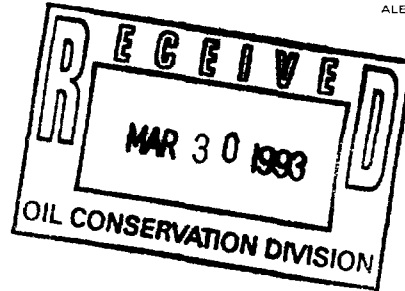
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James Bruce
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JB:frs
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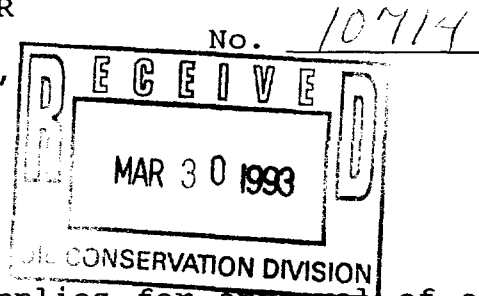
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16714

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF THE GARY-WILLIAMS COMPANY
FOR APPROVAL OF A UNIT AGREEMENT, AND FOR
SPECIAL OPERATING RULES AND REGULATIONS
FOR THE CEJA PELON UNIT, SANDOVAL COUNTY,
NEW MEXICO.



APPLICATION

The Gary-Williams Company hereby applies for approval of a unit agreement for its proposed Ceja Pelon Unit, and for special operating rules and regulations therefor, and in support thereof states:

1. Applicant requests approval of the Ceja Pelon Unit Agreement ("the Unit"), an exploratory unit, for a unit area comprised of 25,445.43 acres of land in Sandoval County, New Mexico, more particularly described on Exhibit A attached hereto.

2. Applicant is a working interest owner in the Unit, and is the proposed operator of the Unit.

3. Applicant has formed the Unit, in part, for the purpose of drilling horizontal/high angle directional wells in the Mancos formation, in the designated and undesignated Rio Puerco-Mancos Oil Pool ("the Pool").

4. Applicant seeks approval of special operating rules and regulations for wells drilled in the Pool within the Unit, including:

(a) Administrative approval of horizontal/high angle directional wells drilled within the Unit.

(b) Administrative approval of well units comprising 320 acres or more, in increments of 40 acres, comprised of contiguous governmental quarter-quarter sections, and further allowing units containing quarter-quarter sections from more than one governmental section.

(c) Well location requirements permitting horizontal directionally drilled wells to be no closer than 660 feet from the outer boundary of a well unit. Wells completed on units on the exterior of the unit shall not be nearer than 1,800 feet to any other well outside said unit completed or drilling in the Pool.

(d) An oil allowable of 19,200 barrels (60 x 320 barrels) for a 60 day period while drilling and completing a horizontal/high angle well drilled in the Pool.

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(f) Administrative approval of unorthodox surface locations so long as the bottom hole location complies with subparagraph (c) above.

5. The designated and undesignated Rio Puerco-Mancos Oil Pool covers the Unit except for Sections 7 through 10 of Township 21 North, Range 2 West, and Sections 12, 14, 15, and 16 of Township 21 North, Range 3 West. As a result, Applicant requests that the special operating rules and regulations not apply to said acreage until said acreage is included within the Pool.

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Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

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James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

EXHIBIT A

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Section 6: All

Township 20 North, Range 4 West, N.M.P.M.

Section 1: All

Township 21 North, Range 2 West, N.M.P.M.

Sections 7 through 10: All

Sections 15 through 18: All

Sections 19 through 22: All

Sections 27 through 30: All

Township 21 North, Range 3 West, N.M.P.M.

Sections 12 through 16: All

Sections 25 through 34: All

Township 21 North, Range 4 West, N.M.P.M.

Section 25: All

Section 36: All

PROPOSED ADVERTISEMENT

Case No. _____: Application of The Gary-Williams Company for a unit agreement, and special operating rules and regulations therefor, Sandoval County, New Mexico. Applicant, in the above styled cause, seeks approval of the Ceja Pelon Unit Agreement for an area comprising 24,445.43 acres, more or less, of federal lands described as follows:

Township 20 North, Range 3 West, N.M.P.M.

Section 6: All

Township 20 North, Range 4 West, N.M.P.M.

Section 1: All

Township 21 North, Range 2 West, N.M.P.M.

Sections 7 through 10: All

Sections 15 through 18: All

Sections 19 through 22: All

Sections 27 through 30: All

Township 21 North, Range 3 West, N.M.P.M.

Sections 12 through 16: All

Sections 25 through 34: All

Township 21 North, Range 4 West, N.M.P.M.

Section 25: All

Section 36: All

Applicant also seeks special operating rules and regulations for wells drilled to the Rio Puerco-Mancos Oil Pool within said unit, including provisions for administrative approval of horizontal/high angle wellbores, the formation on non-standard

and/or oversized proration units to accommodate such wellbores, unorthodox oil well locations, and the assignment of special oil allowables. The unit is centered approximately _____ miles _____ of Cuba, New Mexico.

one file

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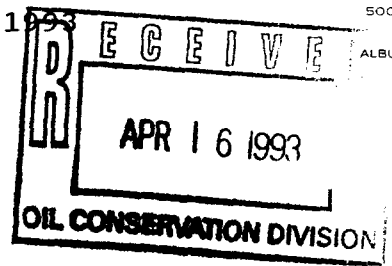
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*NOT LICENSED IN NEW MEXICO

April 16, 1993



Florene Davidson
 Oil Conservation Division
 310 Old Santa Fe Trail
 Santa Fe, New Mexico 87503

Re: Case Nos. 10,714 and 10,715 (Applications of The Gary-Williams Company for a Unit Agreement and Horizontal Directional Drilling Pilot Project, Sandoval County, New Mexico)

Dear Florene:

Please find enclosed the original and two copies each of the Applications filed on behalf of The Gary-Williams Company concerning the above-referenced cases before the OCD.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
 & HENSLEY

Fran Sowers
 Fran Sowers, Secretary
 to James Bruce

Enclosures

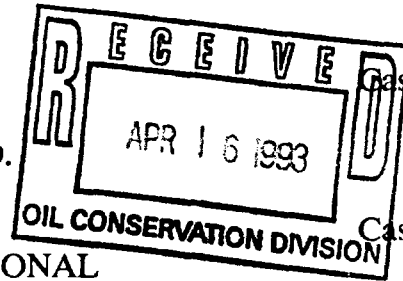
VIA HAND DELIVERY

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

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

APPLICATION OF THE GARY-WILLIAMS
COMPANY FOR A UNIT AGREEMENT,
ETC., SANDOVAL COUNTY, NEW MEXICO.



Case No. 10,714

APPLICATION OF THE GARY-WILLIAMS
COMPANY FOR A HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT, ETC., SANDOVAL
COUNTY, NEW MEXICO.

Case No. 10,715

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Applicant as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

The Gary-Williams Company
c/o Samuel Gary Jr. & Associates,
Inc.
Suite 1925
Denver, Colorado 80203
(303) 831-4673
Attention: Craig Ambler

ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

OPPOSITION OR OTHER PARTY

ATTORNEY

Pre-Hearing Statement
NMOCD Case Nos. 10,714
and 10,715
Page 3

OPPOSITION

WITNESSES

EST. TIME

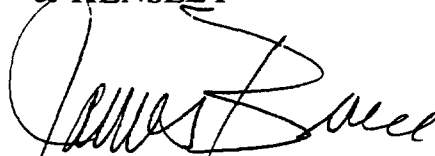
EXHIBITS

PROCEDURAL MATTERS

Applicant requests the two cases be consolidated for hearing.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for The Gary-Williams Company

STATEMENT OF CASE

APPLICANT

Case No. 10,714: Applicant seeks approval of a voluntary unit covering 24,000+ acres of federal, state and fee land in Sandoval County. Applicant also requests special operating rules for horizontal/high angle directional wells drilled to the Mancos formation within the unit area.

Case No. 10,715: Applicant requests approval to drill a horizontal well in the Mancos formation (Rio Puerco-Mancos Oil Pool) in Sections 21, 22, 27 and 28 - 21 North - 3 West, in Sandoval County. Applicant requests an unorthodox location, non-standard unit, a temporary oil allowable while drilling, and special operating rules for the well.

OPPOSITION

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Craig Ambler (Landman)	(20 minutes)	1. Land Plat 2. Unit Agreement 3. Unit Operating Agreement 4. BLM Preliminary Approval Letter 5. Notice Affidavit
<hr/> (Engineer)	(15 minutes)	1. Drilling Plan 2. Structure Map