

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



October 2, 1987

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Richard Ellis
c/o Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9205
ORDER NO. R-8520

Applicant:

Horizontal Recoveries Specialist, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

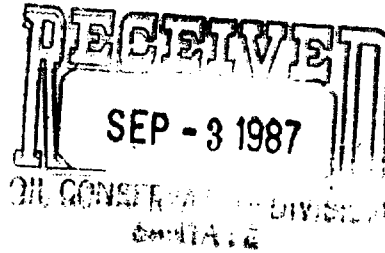
Copy of order also sent to:

Hobbs OCD x
Artesia OCD :
Aztec OCD x

Other Thomas Kellahin

Horizontal Recovery Specialists, Inc.
1200 W. Wall
Midland, Texas 79701
915/684-9732

August 31, 1987



Mr. David Catanach
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPT.
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Catanach:

It was certainly a pleasure meeting you.

Please accept my thanks for the time and attention you afforded me during my recent trip to New Mexico. I appreciate the assistance you gave me at the NMOCD Hearing.

Thanking you for your consideration, I remain,

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bernard J. Mahony, Sr.".

Bernard J. Mahony, Sr.

BJMSr/hh

APPLICATION OF HORIZONTAL RECOVERY SPECIALISTS, INC. FOR APPROVAL OF UNORTHODOX WELL LOCATIONS AND DIRECTIONALLY DRILLED BOREHOLES IN RIO ARRIBA COUNTY, NEW MEXICO

M.S.
CASE NO.
9205

WAIVER

X We waive herewith the notice requirements for Case 9205, August 26 Docket of the New Mexico Oil Conservation Commission.

Merrion Oil & Gas Corp.
Offset Owner or Operator

By: J. Gregory Merrion
Name

President
Title

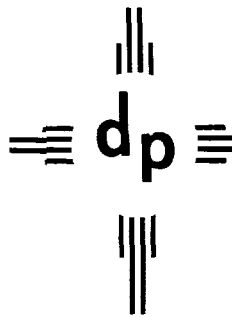
X We waive objection to the Application of Horizontal Recovery Specialists, Inc. in Case 9205, August 26 Docket.

Merrion Oil & Gas Corp.
Offset Owner or Operator

By: J. Gregory Merrion
Name

President
Title

APPROVED
DATE: 11/11/11
BY: [Signature]



dugan production corp.

August 21, 1987

William J. LeMay
New Mexico Oil Conservation Division
P O Box 2088
Santa Fe, NM 87504-2088

Re: NMOCD Case No. 9205
Application of Horizontal Recoveries Specialist, Inc.
For Horizontal Directional Drilling and Unorthodox Well Locations
Two Wells in Sections 20 & 28, T-32N, R-5W, NMPM
San Juan County, New Mexico
Scheduled Hearing Date - August 26, 1987

Dear Mr. LeMay:

We are writing in support of the captioned application of Horizontal Recoveries Specialist, Inc. in which New Mexico Oil Conservation Division (NMOCD) approval is requested for their planned horizontal directional drilling in the Basal Fruitland Coal for two wells to be located in the SE/4 of Section 20 and the NW/4 of Section 28, T32N, R5W.

Both wells will be drilled on standard 160 acre spacing units and will require approval for unorthodox surface and bottom hole locations. The leasehold interest for the acreage involved in these two proposals was farmed from Dugan Production Corp. to Horizontal Recoveries Specialist, Inc. specifically for the proposed drilling of these two wells. As I am sure you are aware, there is an increasing industry-wide interest in developing methane gas from coal deposits. We have discussed this project extensively with Mr. Bernard J. Mahony, Sr. of Horizontal Recoveries Specialist, Inc. and fully support his proposed drilling program which will test the feasibility of developing natural gas reserves from the Fruitland coal with the use of horizontal wellbores.

Dugan Production Corp. recommends a favorable and expeditious ruling from the NMOCD.

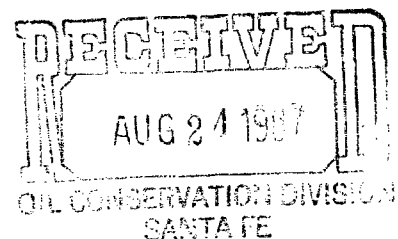
Sincerely,

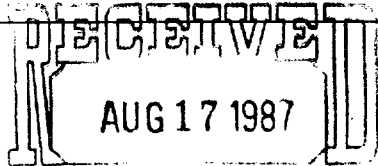
John D. Roe

John D. Roe
Manager of Engineering

JDR/cg

cc: Horizontal Recoveries Specialist, Inc.





OIL CONSERVATION DIVISION
SANTA FE

August 13, 1987

M.S.

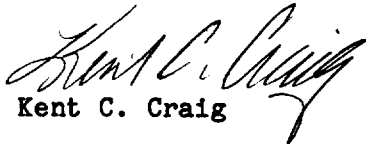
Mr. William J. LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Case #9205
August 26, 1987 Hearing

Dear Mr. LeMay:

Reference is made to the captioned case scheduled to appear before the Oil and Gas Commission on August 26, 1987. Please be advised that Jerome P. McHugh, as an offset working interest owner in Sections 21 and 27, T32N-R5W, has no objection to Horizontal Recovery Specialists' proposal to drill two Fruitland Coal wells in Sections 20 and 28 with 1500 foot horizontal completions.

Very Truly Yours,


Kent C. Craig

KCC/rm

cc: Horizontal Recovery Specialists, Inc.
1200 West Wall
Midland, Texas 79701

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111