

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

May 2, 1988

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

RECEIVED

MAY 6 1988

OIL CONSERVATION DIVISION

"Hand Delivered"

Mr. William J. LeMay
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Tenneco Oil Company for
Well-Head Price Ceiling Category
Determination for certain Infill
Wells, for Exception to Order
R-1670-T, and for Well Location
Requirements, Blanco Mesa-Verde
Gas Pool, San Juan County,
New Mexico

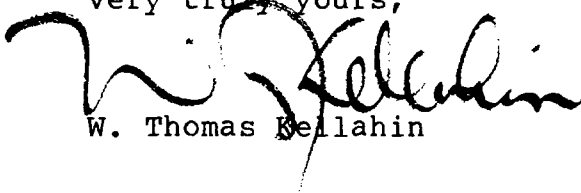
Case 9393

Dear Mr. LeMay:

On behalf of Tenneco Oil Company, please set the enclosed application for hearing on the next available examiner's docket now set for May 25, 1988.

By copy of this letter and application sent certified mail return-receipt to all offset operators, we are notifying each of them of the right to appear at the hearing either in support or in opposition to this application. Should any such party desire more information about this matter or about the procedures to hearing this application, they may call the Division or the undersigned.

Very truly yours,



W. Thomas Kellahin

WTK:ca

Enc.

cc: David Motloch, Esq. (Tenneco)
Mr. Tim Hower (Tenneco)

"Certified-Return Receipt Requested"

All Interested Parties in Application

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION COMMISSION

RECEIVED

1988

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF TENNECO OIL COMPANY FOR
WELL-HEAD PRICE CEILING CATEGORY
DETERMINATION FOR CERTAIN INFILL
WELLS, FOR EXCEPTION TO ORDER
R-1670-T, AND EXCEPTIONS FROM
WELL LOCATION REQUIREMENTS,
BLANCO MESA-VERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

CASE: 9393

A P P L I C A T I O N

COMES NOW TENNECO OIL COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for an order for well-head price ceiling category (Section 103) determination that sixteen infill wells in the Blanco Mesa Verde Gas Pool qualify as New Onshore Production Wells under the exceptions of Section 271.304 and 271.305 of the FERC regulations implementing the Natural Gas Policy Act of 1978, for exception from Order R-1670-T and from well location requirements of the Blanco Mesa Verde Pool Rules, and in support thereof would show the Division:

1. Applicant is the operator of sixteen Blanco Mesa Verde 320-acre spacing and proration units, each of which currently has an original well and an infill well.

2. Applicant has determined that in each instance, the original well has reached a stage of depletion whereby a second infill well is now necessary to effectively and efficiently drain a portion of the reservoir covered by the proration and spacing unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

3. Applicant seeks this determination prior to drilling each of the subject wells as exceptions which will qualify under the higher "New Onshore Production Well" category (Section 103) of the FERC regulations.

4. The following are the subject infill wells for which the applicant seeks the necessary jurisdictional agency findings and exceptions from Division Order R-1670-T and Order R-6013 (Administrative procedures for Infill Wells):

<u>EXH.</u>	<u>WELL NAME</u>	<u>LOCATION</u>	<u>SPACING UNIT</u>
1	Fields LS 7B	965' FNL & 2060' FEL	N/2, Sec 34, T32N, R11W
2	Neil LS 8B	2055' FNL & 885' FEL	E/2, Sec 4, T31N, R11W
3	Gartner LS 1B	1720' FSL & 1610' FWL	W/2, Sec 28, T30N, R8W
4	Gartner LS 5B	1620' FSL & 1005' FWL	W/2, Sec 27, T30N, R8W
5	Gartner LS 6B	300' FNL & 1230' FEL	E/2, Sec 27, T30N, R8W
6	Mudge LS 9B	2160' FNL & 395' FEL	E/2, Sec 3, T31N, R11W
7	Mudge LS 8B	845' FNL & 1740' FEL	E/2, Sec 12, T31N, R11W
8	Day A LS 3B	790' FNL & 1800' FEL	E/2, Sec 8, T29N, R8W
9	Hughes A LS 2B	1125' FNL & 1828' FEL	E/2, Sec 27, T29N, R8W
10	Scott LS 3B	790' FSL & 1850' FWL	S/2, Sec 29, T32N, R10W
11	Riddle F LS 1B	1850' FSL & 1500' FWL	W/2, Sec 17, T28N, R8W
12	Mudge LS 5B	900' FSL & 1190' FWL	W/2, Sec 3, T31N, R11W
13	Jacques LS 1B	790' FNL & 790' FEL	E/2, Sec 29, T31N, R9W
14	Jones A LS 2B	1650' FSL & 990' FWL	S/2, Sec 11, T28N, R8W
15	Fields LS 4B	1850' FNL & 1450' FEL	E/2, Sec 28, T32N, R11W
16	Barrett LS 2B	790' FNL & 790' FEL	E/2, Sec 19, T31N, R9W

5. In addition, applicant seeks approval of the respective well locations as exceptions to the well location requirements (Rule 2) of the Special Rules and Regulations of the Blanco Mesa Verde Gas Pool.

6. Copies of the plat showing the spacing units, the Blanco Mesa Verde wells and the proposed infill wells are shown on Exhibit 1-16 attached hereto and incorporated by reference.

7. Attached as Exhibit 17 is a list of the offset operators who have been notified of this application pursuant to Division Notice Rules.

8. Applicant requests that this application be set for hearing on the Examiner docket now scheduled for May 25, 1988.

WHEREFORE, APPLICANT requests that after notice and hearing the application be granted as required.

Respectfully submitted:



W. Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, NM 87501

TENNECO

TENNECO

TENNECO

OK

TENNECO

R 11W

TENNECO

Fields LS 7A
Comp 1-16-78

765
700' Fields LS 7B
355
620 →

Fields LS 7
Comp 5-28-54

TENNECO

Section 34

T

32N

TENNECO

KIMBARK

KIMBARK

MERIDIAN



Fields LS 7B
965' FNL, 2060' FEL
Fields LS 7
1610' FNL, 1830' FEL
Fields LS 7A
1620' FNL, 1100' FWL

(640 acres)



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



LOCATION CURRENTLY STAKED

Fields LS 7B

EXHIBIT No. 1



DENVER, COLORADO

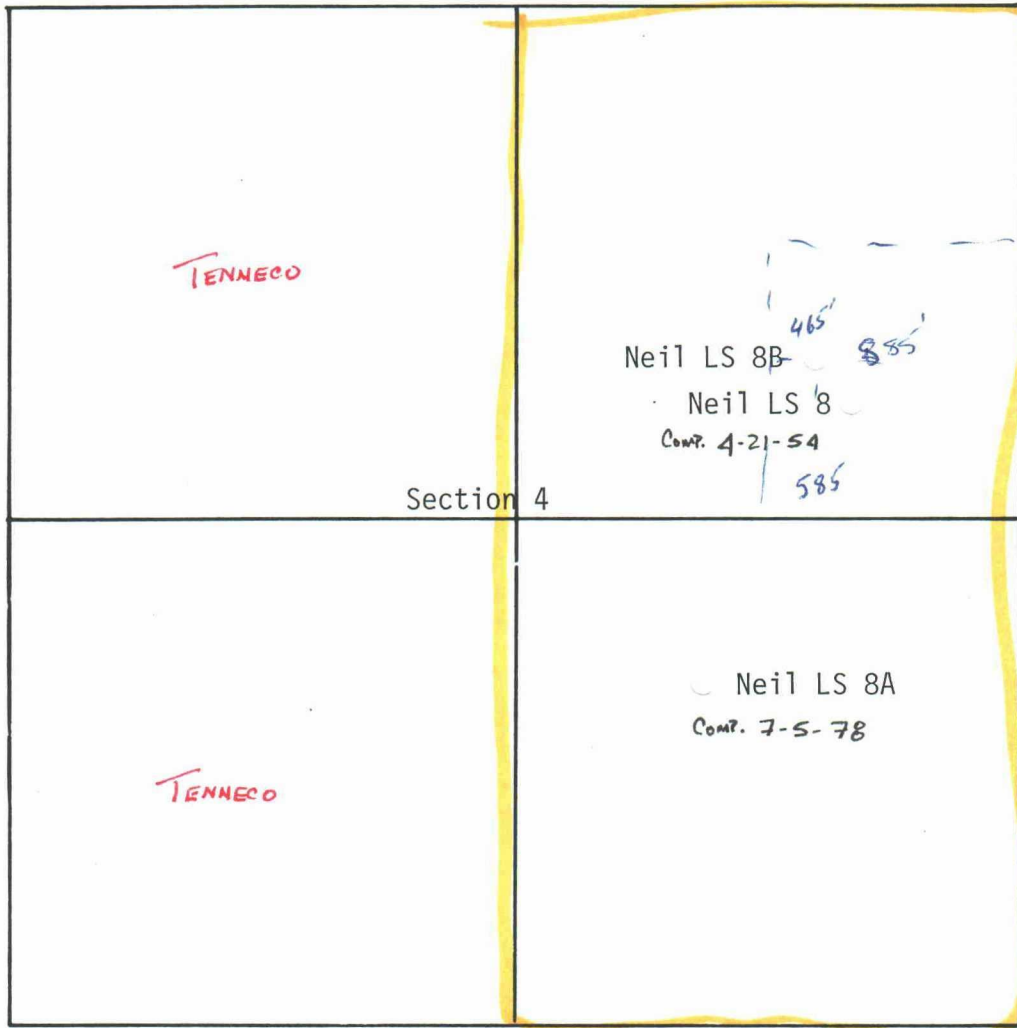
OK

TENNECO

TENNECO

KIMBARK

R 11W



Section 4

Neil LS 8B

Neil LS 8

Comp. 4-21-54

585

T

31N

Neil LS 8A

Comp. 7-5-78

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.97 a.f.

TENNECO

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TENNECO

Neil LS 8B
2055' FNL, 885' FEL

Neil LS 8
1815' FNL, 1050' FEL

Neil LS 8A
1800' FSL, 1665' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



LOCATION CURRENTLY STAKED

NEIL LS 8B



DENVER, COLORADO

EXHIBIT No. 2

TENNECO

MERIDIAN

R 8W

TENNECO

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X

TENNECO

Gartner LS 1A
Comp. 10-26-77

TENNECO

Section 28

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30N

TENNECO

Gartner LS 1B
290'
400'
1720'
1030'

TENNECO

Gartner LS 1
Comp. 10-22-51

640 acres



MERIDIAN

TENNECO

TENNECO

Gartner LS 1A
1170' FNL, 1840' FWL
Gartner LS 1B
1720' FSL, 1610' FWL
Gartner LS 1
990' FSL, 1845' FWL

	TENNECO OIL COMPANY SUBSIDIARY OF TENNECO INC.	
<p>LOCATION CURRENTLY STAKED</p>		
<p>GARTNER LS 1B</p>		
<p>SCALE IN FEET</p> <p>DENVER, COLORADO</p>		

EXHIBIT NO. 3

TENNECO

MERIDIAN

R 30N

TENNECO

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TENNECO

Gartner LS 5A
Comp. 3-21-78

TENNECO

Section 27

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8W

TENNECO

1005'
315'
300'
1620' Gartner LS 5B

TENNECO

Gartner LS 5
Comp. 6-25-53

640 acres



TENNECO

TENNECO

MERIDIAN

Gartner LS 5A
1515' FNL, 1500' FWL

Gartner LS 5B
1620' FSL, 1005' FWL

Gartner LS 5
990' FSL, 1090' FWL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



LOCATION CURRENTLY STAKED

GARTNER LS 5B

EXHIBIT No. 4



DENVER, COLORADO

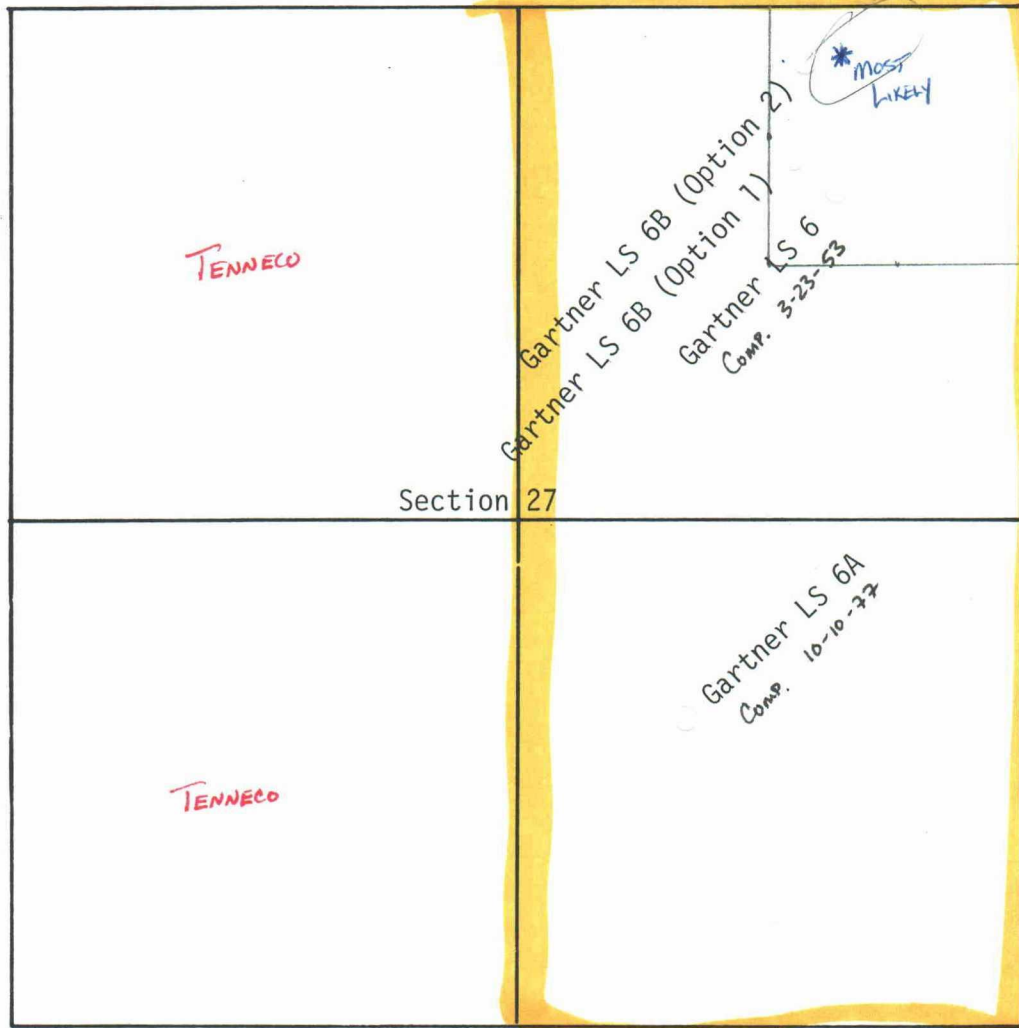
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MERIDIAN

TENNECO

MERIDIAN

R 8W



Section 27

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30N

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TENNECO

TENNECO

640 acres

MERIDIAN



MERIDIAN

Gartner LS 6B
 (Option 1) 790' FNL, 1190' FEL
 (Option 2) 300' FNL, 1230' FEL (Unorthodox Location)

Gartner LS 6
 990' FNL, 990' FEL

Gartner LS 6A
 1630' FSL, 1780' FEL

	TENNECO OIL COMPANY SUBSIDIARY OF TENNECO INC.	
LOCATION(S) CURRENTLY STAKED		
GARTNER LS 6B		
<p>SCALE IN FEET</p> <p>2000 1000 0 2000 4000</p> <p>DENVER, COLORADO</p>		

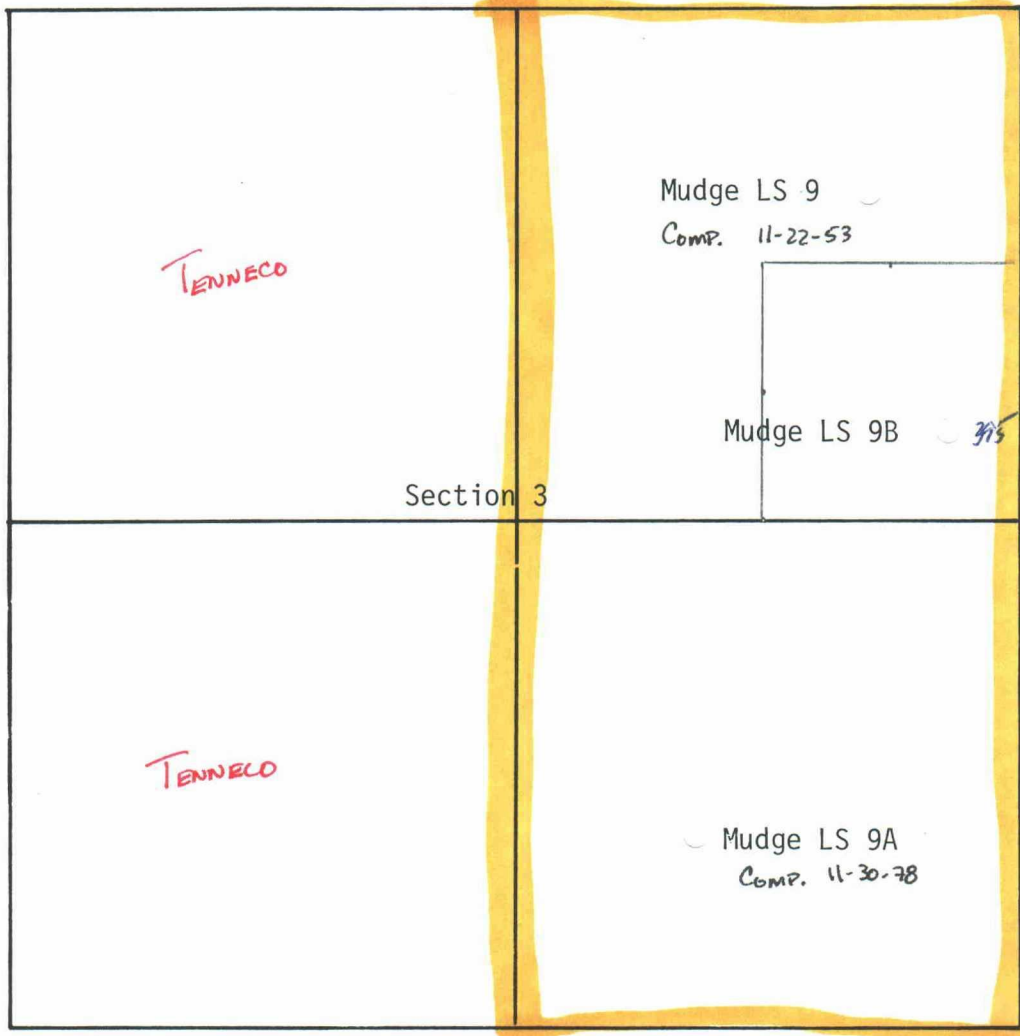
X

KIMBARK

R 11W

KIMBARK

MERIDIAN



TENNECO

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TENNECO

TENNECO

640 acres



Mudge LS 9
990' FNL, 800' FEL

Mudge LS 9B
2160' FNL, 395' FEL

Mudge LS 9A
1000' FSL, 1695' FEL

	TENNECO OIL COMPANY SUBSIDIARY OF TENNECO INC.	
<p>LOCATION CURRENTLY STAKED</p>		
<p>MUDGE LS 9B</p>		
<p>SCALE IN FEET</p> <p>DENVER, COLORADO</p>		

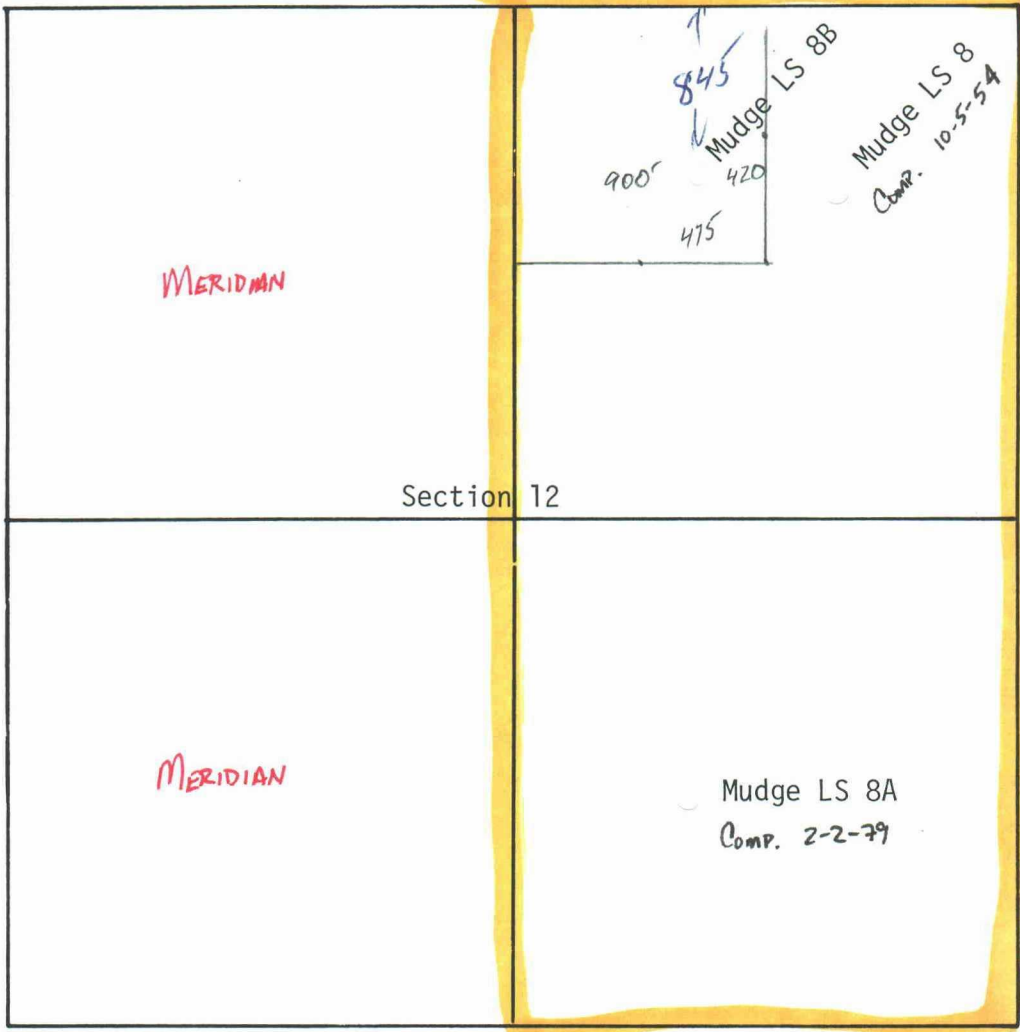
OK

MERIDIAN

R 11W

MERIDIAN

MESA



C&E
OPER.

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31N

C&E
OPER.

Mudge LS 8A
Comp. 2-2-79

640 acres



MERIDIAN

Amoco

Mudge LS 8B
845' FNL, 1740' FEL

Mudge LS 8
990' FNL, 990' FEL

Mudge LS 8A
1715' FSL, 1180' FEL

	TENNECO OIL COMPANY SUBSIDIARY OF TENNECO INC.	
<p>LOCATION CURRENTLY STAKED</p>		
<p>MUDGE LS 8B</p>		
<p>SCALE IN FEET</p> <p>DENVER, COLORADO</p>		

EXHIBIT No. 7

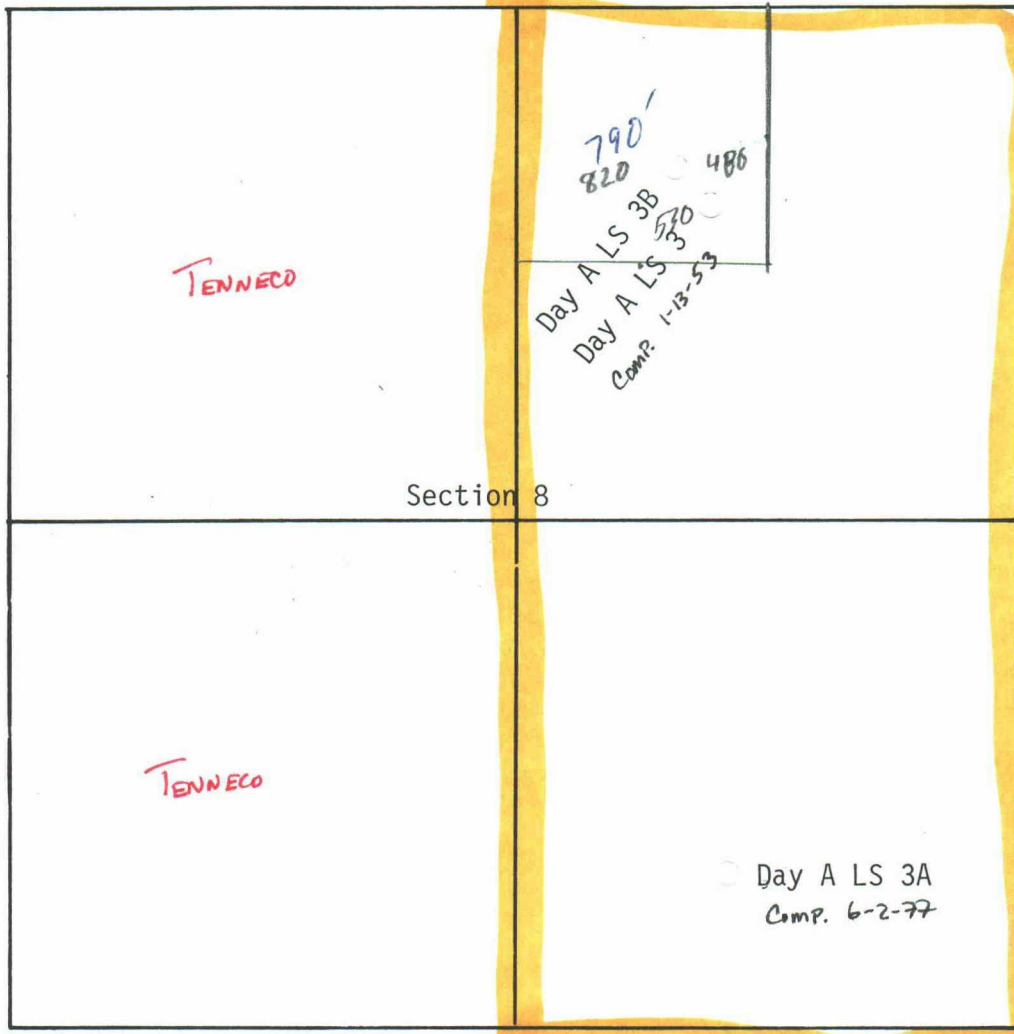
OK

MERIDIAN

R 8W

MERIDIAN

MERIDIAN



MERIDIAN

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29N

MERIDIAN

TENNECO

Day A LS 3A
Comp. 6-2-77

MERIDIAN

TENNECO

698 AF



TENNECO



Day A LS 3B
790' FNL, 1800' FEL

Day A LS 3
979' FNL, 1639' FEL

Day A LS 3A
800' FSL, 1530' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



LOCATION CURRENTLY STAKED

Day A LS 3B



DENVER, COLORADO

EXHIBIT No. 8

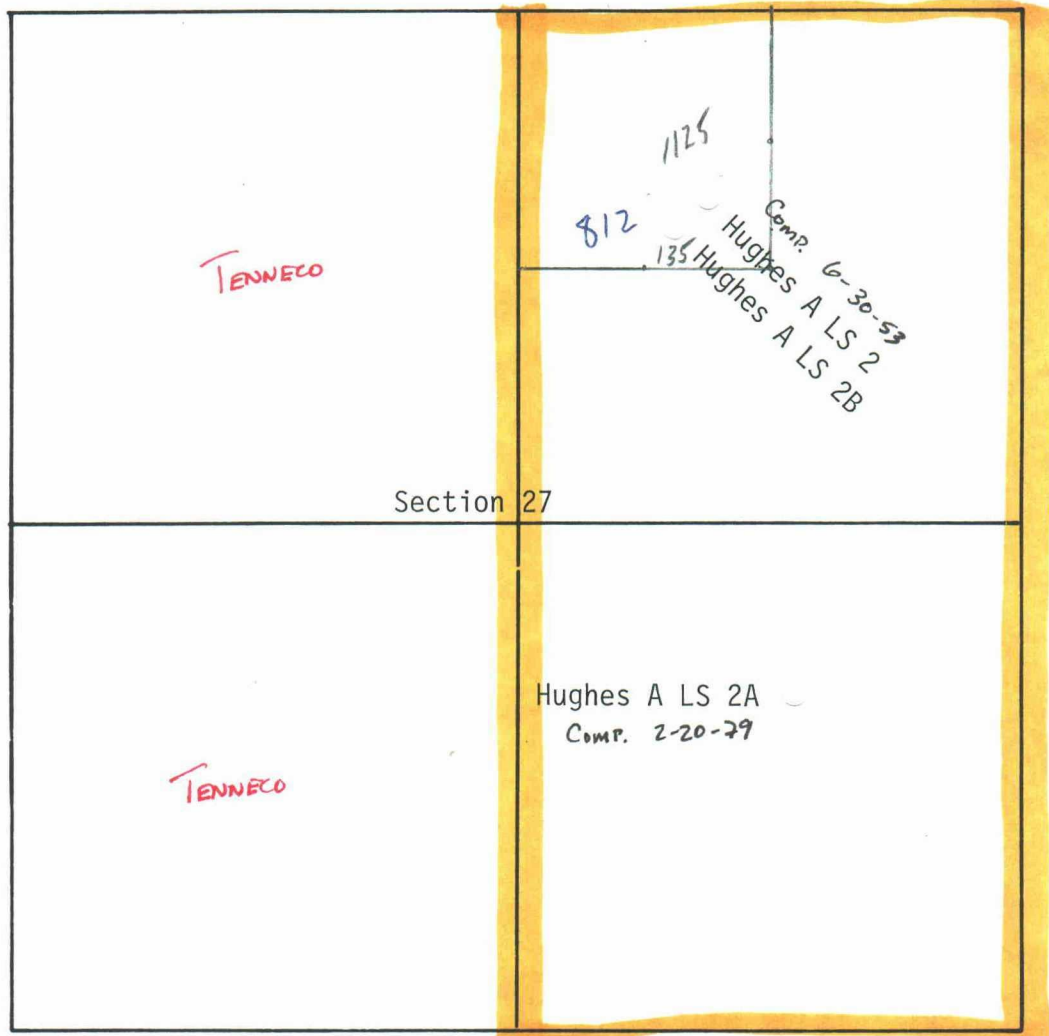
X

MERIDIAN

R 8W

TENNECO

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MERIDIAN

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29N

MERIDIAN

Section 27

Hughes A LS 2A
Comp. 2-20-79

TENNECO

TENNECO

MERIDIAN

TENNECO



TENNECO

Hughes A LS 2
990' FNL, 1650' FEL

Hughes A LS 2B
1125' FNL, 1828' FEL

Hughes A LS 2A
1780' FSL, 1178' FEL

	TENNECO OIL COMPANY SUBSIDIARY OF TENNECO INC.	
<p>LOCATION CURRENTLY STAKED</p>		
<p>HUGHES A LS 2B</p>		
<p>SCALE IN FEET</p> <p>DENVER, COLORADO</p>		

EXHIBIT No. 9

R 10W

MESA

MERIDIAN

MERIDIAN

Amoco

Section 29

T

32N

Scott LS 3A
Comp. 6-14-78

Amoco

MESA

SCOTT LS 3
COMP. 6-24-52

MERIDIAN

Amoco

Amoco



Amoco

Scott LS 3
990' FSL, 790' FWL

Scott LS 3A
1800' FSL, 1090' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N SW/4 (UNSTAKED)

SCOTT LS 3B

EXHIBIT No. 10



DENVER, COLORADO

MERIDIAN

TENNECO

R 28N

TENNECO

Riddle F LS 1A
COMP. 3-11-80

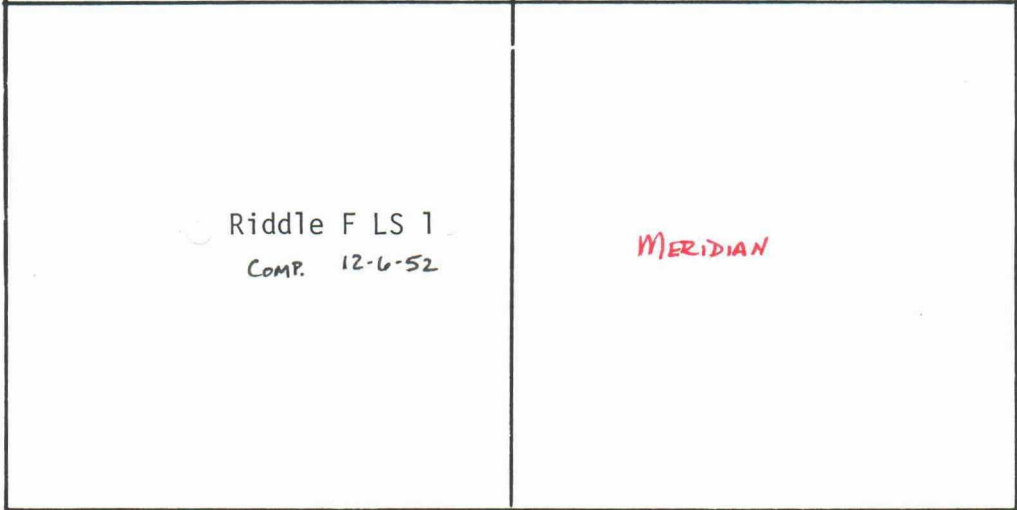
MERIDIAN

MERIDIAN

Section 17

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8W



MERIDIAN

Riddle F LS 1
COMP. 12-6-52

MERIDIAN

TENNECO

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Riddle F LS 1
1450' FLS, 990' FWL
Riddle F LS 1A
950' FNL, 1600' FWL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N SW/4 (UNSTAKED)

RIDDLE F LS 1B



DENVER, COLORADO

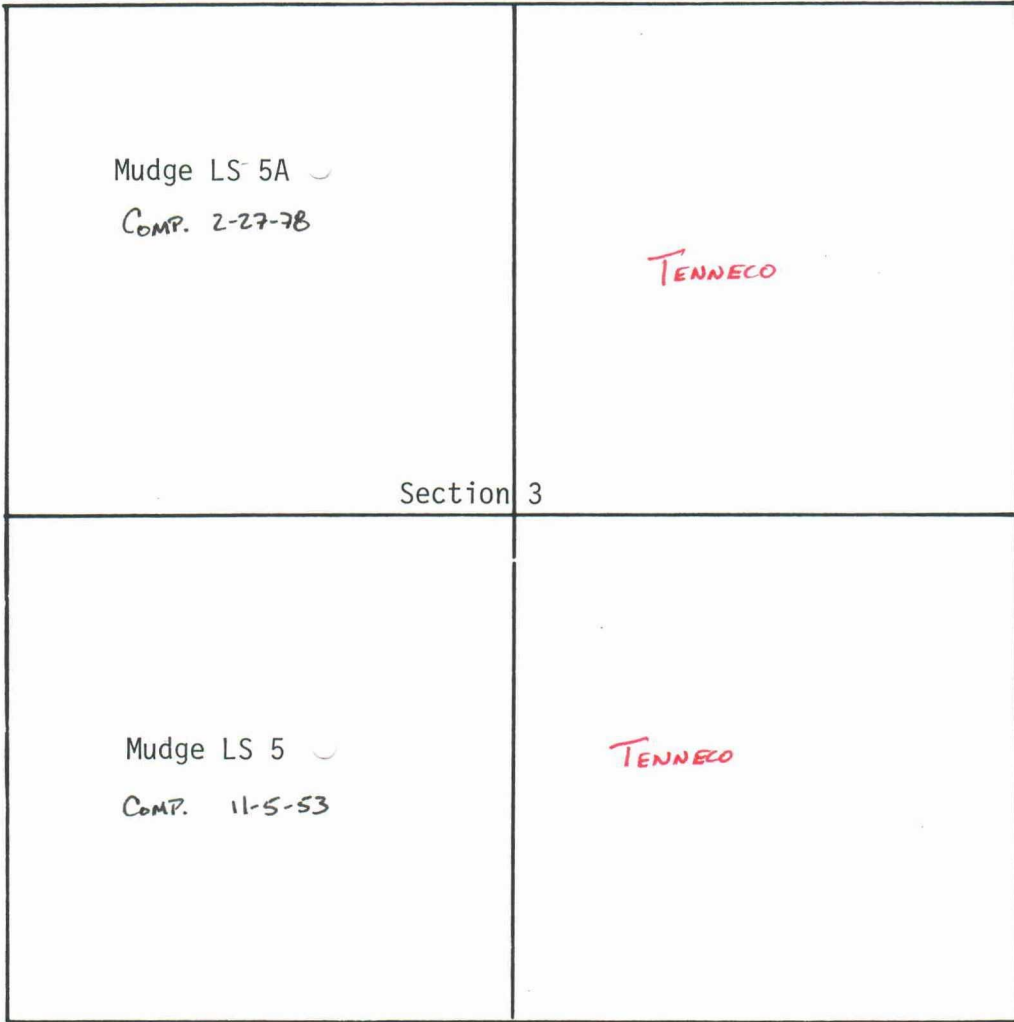
EXHIBIT No. 11

TENNECO

KIMBARK

R 11W

KIMBARK



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TENNECO

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TENNECO

TENNECO

TENNECO

Mudge LS 5A
 815' FNL, 1663' FWL
 Mudge LS 5
 1450' FSL, 1650' FWL



TENNECO OIL COMPANY
 SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N SW/4 (UNSTAKED)

MUDGE LS 5B

EXHIBIT No. 12



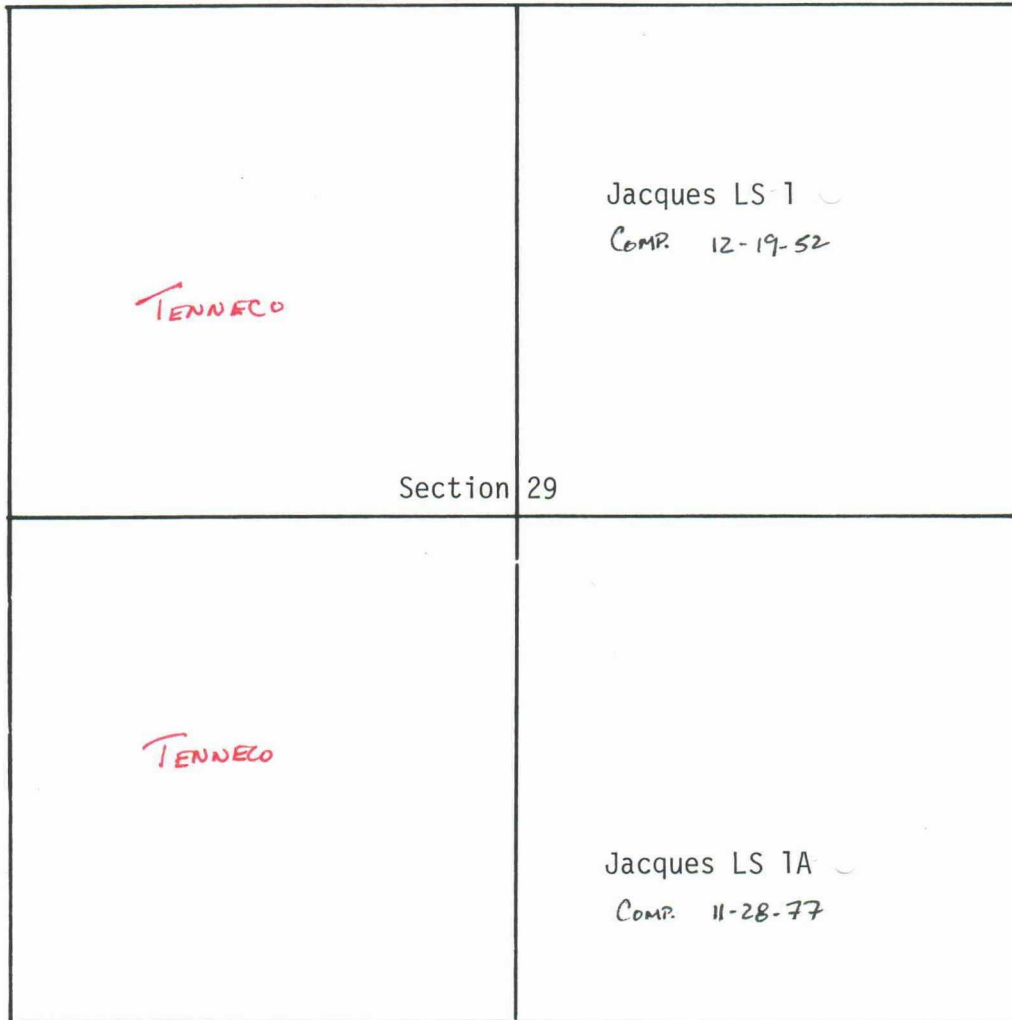
DENVER, COLORADO

TENNECO

R 9W

TENNECO

MERIDIAN



Jacques LS 1
COMP. 12-19-52

TENNECO

TENNECO

Section 29

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31N

TENNECO

MERIDIAN

Jacques LS 1A
COMP. 11-28-77

MESA

MESA



Jacques LS 1
990' FNL, 990' FEL
Jacques LS 1A
850' FSL, 900' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N NE/4 (UNSTAKED)

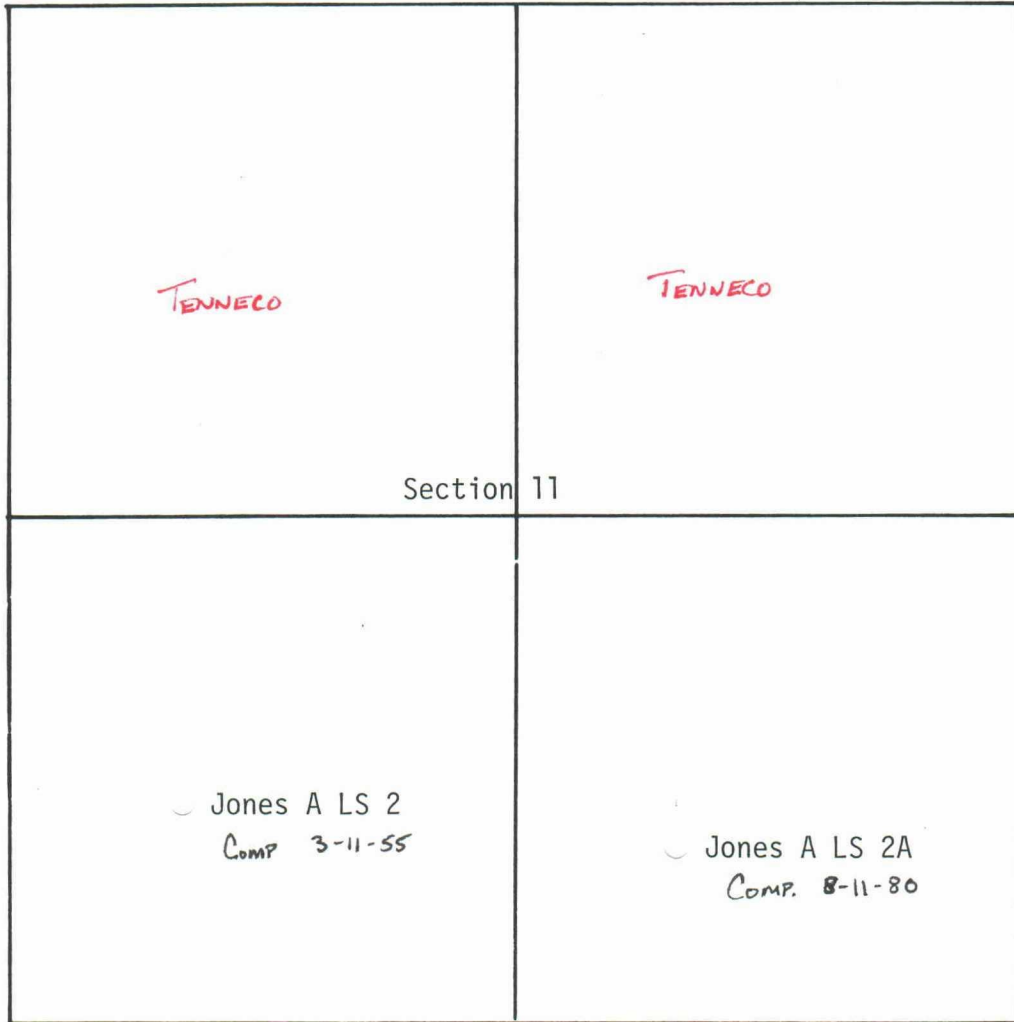
JACQUES LS 1B

EXHIBIT No. 13



DENVER, COLORADO

R 8W



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MERIDIAN

TENNECO

Jones A LS 2
COMP 3-11-55

Jones A LS 2A
COMP. 8-11-80

TENNECO

MERIDIAN

TENNECO



Jones A LS 2
1150' FSL, 890' FWL
Jones A LS 2A
930' FSL, 1830' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N SW/4 (UNSTARRED)

JONES A LS 2B



DENVER, COLORADO

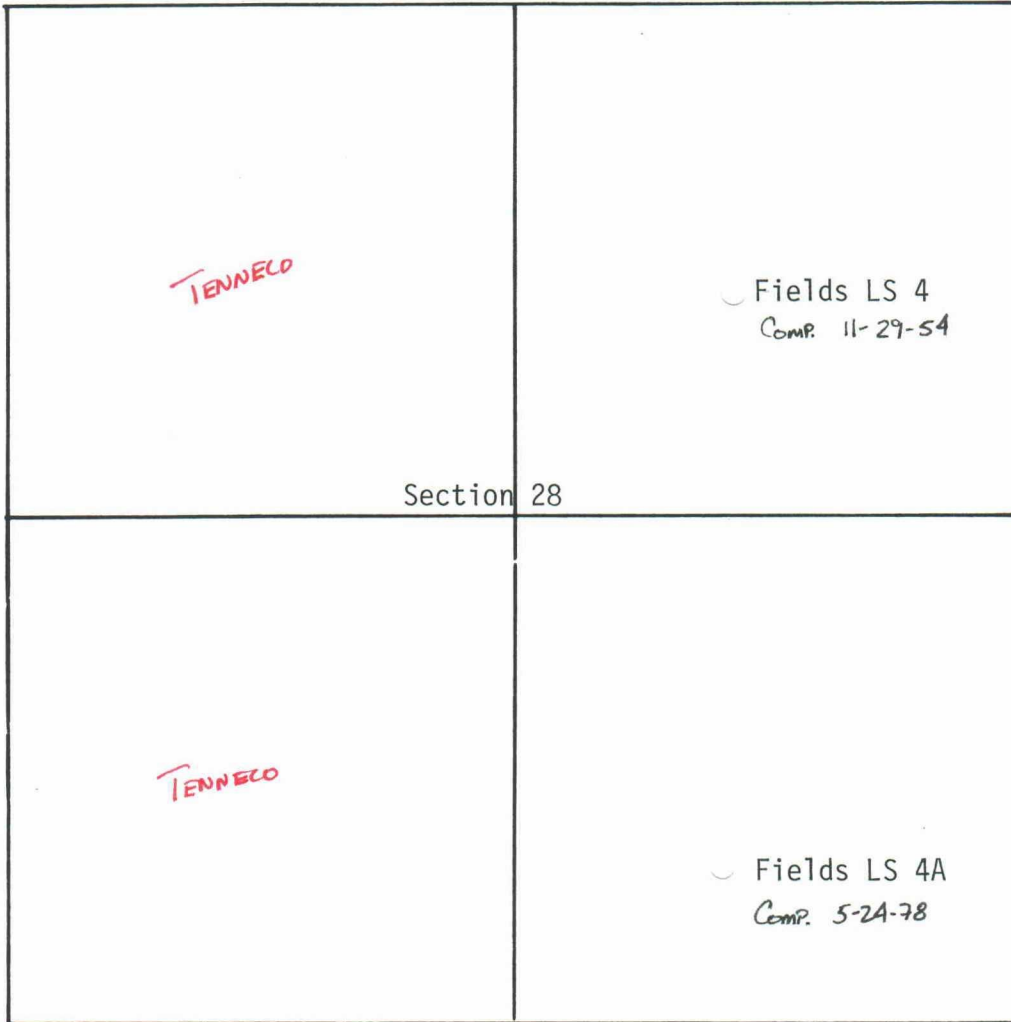
EXHIBIT No. 14

NORTHWEST
PIPELINE

NORTHWEST
PIPELINE

R 11W

TENNECO



TENNECO

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32N

TENNECO

TENNECO

Fields LS 4A
Comp. 5-24-78



TENNECO

TENNECO

Fields LS 4
1488' FNL, 1496' FEL
Fields LS 4A
840' FSL, 1580' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N NE/4 (UNSTAKED)

FIELDS LS 4B



DENVER, COLORADO

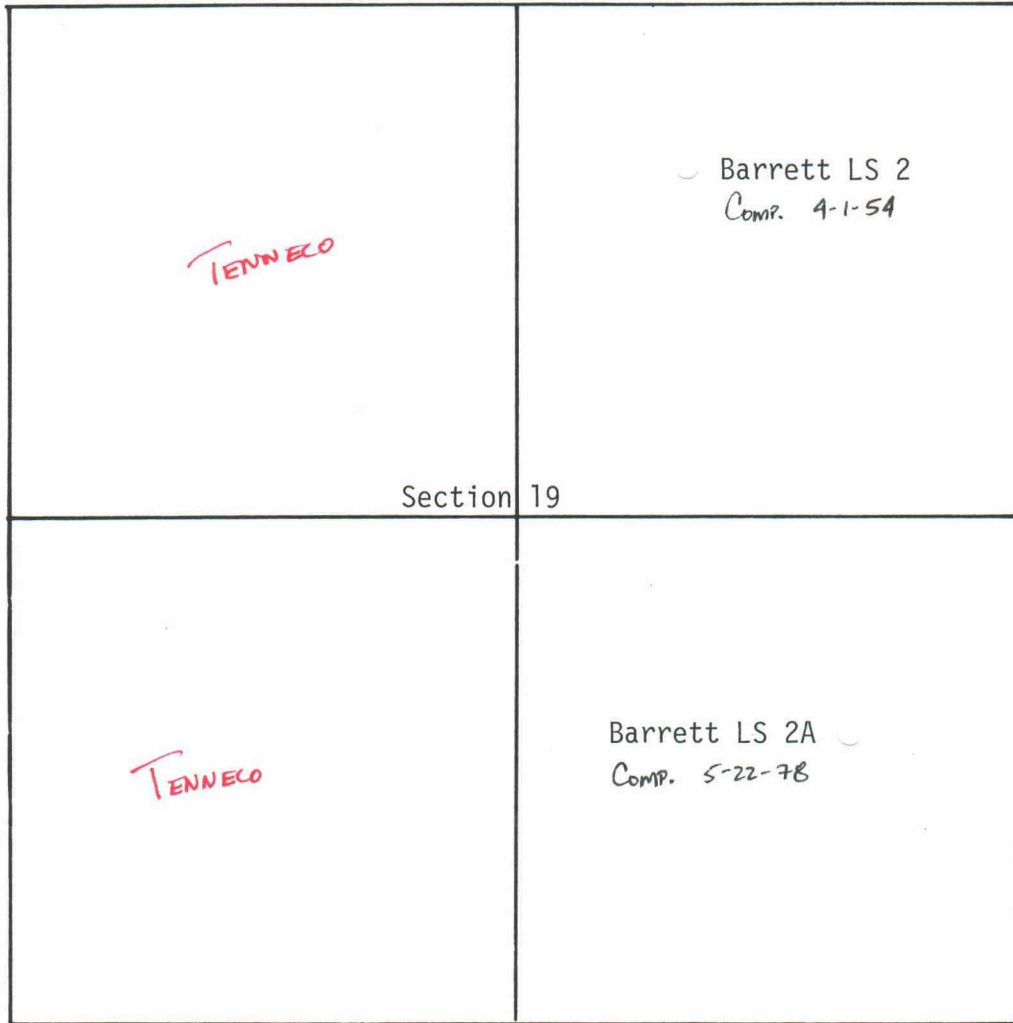
EXHIBIT No. 15

TENNECO

R 9W

TENNECO

TENNECO



Section 19

Barrett LS 2
Comp. 4-1-54

TENNECO

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31N

Barrett LS 2A
Comp. 5-22-78

TENNECO

TENNECO

TENNECO

TENNECO



TENNECO

Barrett LS 2
790' FNL, 1750' FEL
Barrett LS 2A
1500' FSL, 920' FEL



TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



TENTATIVE LOC'N NE/4 (UNSTARRED)

BARRETT LS 2B

EXHIBIT No. 16



DENVER, COLORADO

EXHIBIT "17"

CERTIFICATE OF MAILING

I hereby certify under oath that on the 3rd day of May, 1988, I caused to be mailed by Certified Mail a true and correct copy of the foregoing letter and application to the following:

Amoco Production Co.
1670 Broadway
Denver, Colorado 80202

Meridian Oil Inc.
P. O. Box 4289
3535 E. 30th St.
Farmington, NM 87499

Mesa Limited Partnerhsip
P. O. Box 2009
One Mesa Square
Amarillo, TX 79189-2009

Northwest Pipeline Corp.
295 Chipeta Way
Salt Lake City, UT 84108

Kimbark Oil & Gas Co.
1580 Lincoln Street
Suite 1000
Denver, CO 80203

Union Texas Petr. Corp.
P. O. Box 2120
1330 Post Oak Blvd.
Houston, TX 77252

C & E Operators Inc.
Suite 1100
Two Energy Square
Dallas, TX 75206


W. Thomas Kellahin

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 3rd day of May, 1988, by W. Thomas Kellahin.


Cassie Aguilar
Notary Public

My Commission Expires:
9-26-91

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265
May 31, 1988

RECEIVED

MAY 31 1988

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: Tenneco Oil Company
for an Unorthodox Gas Well Location,
Blanco Mesaverde Gas Pool
San Juan County, New Mexico

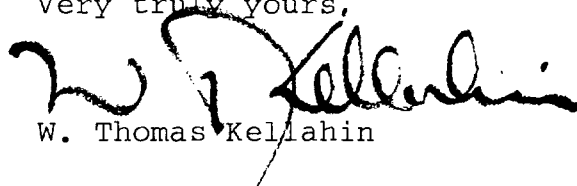
Dear Mr. LeMay:

On behalf of Tenneco Oil Company, please set the enclosed application for hearing on the next available examiner's docket now set for June 22, 1988.

We suggest the following to be used for the advertisement for this case:

Application of Tenneco Oil Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant in the above styled cause seeks approval for an unorthodox gas well location 965 feet from the North line and 2060 feet from the East line of Section 34, T32N, R11W, Blanco Mesaverde Gas Pool, with the N/2 of said section being dedicated to its Fields LS 7B Well, forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately _____ miles from _____.

Very truly yours,



W. Thomas Kellahin

WTK:ca

cc: David Motloch, Esq.
Tenneco Oil Company
P. O. Box 3249
Englewood, Colorado 80155

Mr. Tim Hower
Tenneco Oil Company
P. O. Box 3249
Englewood, Colorado 80155

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

MAY 11 1964

RECEIVED

IN THE MATTER OF THE APPLICATION
OF TENNECO OIL COMPANY FOR
APPROVAL OF AN UNORTHODOX OIL
WELL LOCATION, SAN JUAN COUNTY,
NEW MEXICO.

CASE:

A P P L I C A T I O N

Comes now TENNECO OIL COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location in the Blanco Mesaverde Gas Pool for its Fields LS 7B well, a gas well to be drilled at an unorthodox location 965 feet FNL and 2060 feet FEL of Section 34, T32N, R11W, San Juan County, New Mexico, to be dedicated to a 320-acre spacing and proration unit consisting of the N/2 of said section, and in support thereof would show:

1. Applicant has the right to drill and develop the N/2 of Section 34, T32N, R11W, NMPM, San Juan County, New Mexico.

2. Applicant proposes to drill its Fields LS 7B Well in the Blanco Mesaverde Gas Pool at an unorthodox gas well location 965 feet FNL and 2060 feet FEL of said Section 34 and to dedicate the N/2 of said section to the well as shown on Exhibit "A".

3. Rule 2(b) of the Special Rules for the subject pool provides that:

RULE 2(b). Well Location:

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.
2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Mesaverda Well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.
4. The subject well requires an exception to Rule 2(b) of the Special Rules of the pool in order to be at the optimum location to test the Blanco Mesaverde Gas Pool in the E/2 of said section.
5. Applicant requests that this matter be set for hearing on the Examiner's docket of June 22, 1988.
6. Notice to affected offset operators has not been sent because Tenneco Oil Company is the offset operator towards which the well encroaches.

WHEREFORE, applicant seeks approval of the application as requested.

Kellahin, Kellahin & Aubrey



W. Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504

TENNECO

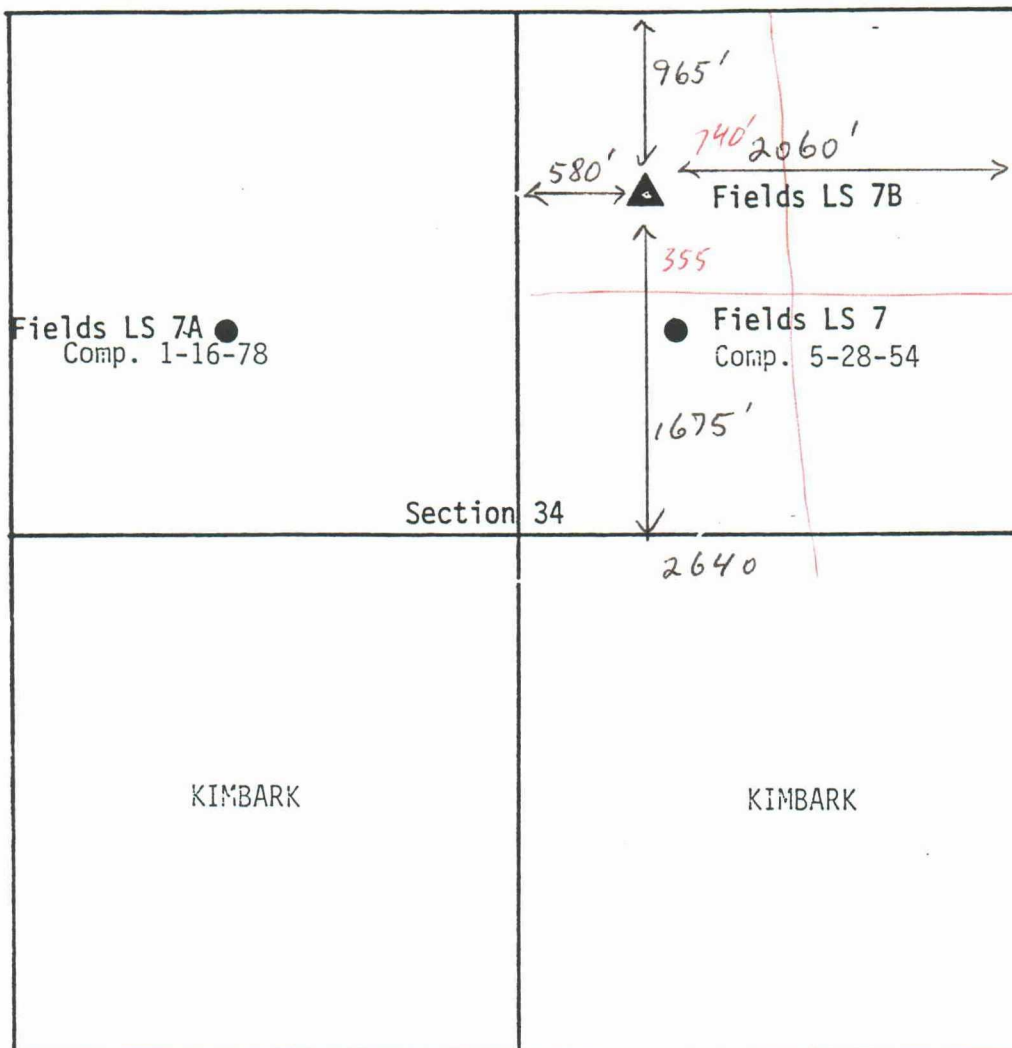
TENNECO

R 11W

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KIMBARK

KIMBARK

MERIDIAN

Fields LS 7B
965' FNL, 2060' FEL

Fields LS 7
1610' FNL, 1830' FEL

Fields LS 7A
1620' FNL, 1100' FWL



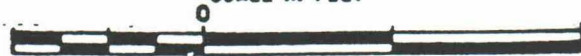
TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO INC.



Location Currently Staked

FIELDS LS 7B

SCALE IN FEET



DENVER, COLORADO

EXHIBIT A

CASE:

Application of Tenneco Oil
Company for an unorthodox gas
well location, San Juan County,
New Mexico.

Applicant, in the above-styled cause seeks approval for an
unorthodox gas well location 965 feet from the North line and
2060 feet from the East line of Section 24, Township 32 North,
Range 11 West, Blanco Mesaverde Gas Pool, with the N/2 of said
section being dedicated to its Fields LS 7B Well, forming a
standard 320-acre gas spacing and proration unit for said pool.
Said location is approximately _____

_____.