



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



BRUCE KING
GOVERNOR

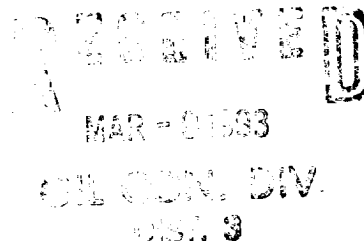
February 25, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ANITA LOCKWOOD
CABINET SECRETARY

Incline Reserves, Inc.
1603 S.W. 37th Street
Topeka, KS 66611

Attention: J.P. Garrett



Administrative Order NSP-1662

Dear Mr. Garrett:

Reference is made to your application dated January 20, 1993 for a 375.09-acre non-standard gas spacing and proration unit consisting of the following acreage in the Basin Fruitland Coal Gas Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM
Section 30: Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent)
Section 31: Lots 5 through 12 (W/2 equivalent)

It is my understanding that this unit is to be dedicated to your Fed Com 31 Well No. 1 which was drilled at a standard coal gas well location 1210 feet from the South line and 1630 feet from the West line (Unit K) of said Section 31.

The above-described acreage is currently dedicated in the Basin Dakota Pool to Amoco Production Company's Jones Well Com Well No. 4, located in Unit K of said Section 30, under authority of Division Order No. R-6226, dated January 9, 1980, and the Blanco-Mesaverde Pool is simultaneously dedicated to Amoco's Pritchard Well No. 4 in Unit L and Well No. 4A in Unit F, both in said Section 31 under the authority of Division Order No. R-60, dated March 21, 1951 and amended by Order No. R-1390, dated May 7, 1959.

By authority granted me under the provisions of Rule 6 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, the above non-standard gas spacing and proration unit is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington



STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 1-27-93

ATTN: Mike Steyer

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Proposed MC _____
Proposed NSL _____
Proposed WFX _____
Proposed NSP X _____

Proposed DHC _____
Proposed SWD _____
Proposed PMX _____
Proposed DD _____

Gentlemen:

I have examined the application received on 1-25-93

for the INLINE RESERVES, INC. FEDCON 31 #1
OPERATOR LEASE & WELL NO.

31-27A-20 and my recommendations are as follows:
UL-S-T-R

Approved

Yours truly,

[Signature]

January 20, 1993

New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, NM 87504

Attn: Mike Stogner

Re: *Application for Non-Standard Gas Proration Unit ...*
Incline Reserves, Inc. - Fed Com 31 #1
W/2 Sec 31, T29N-R8W, SW/4 Sec 30, T29N-R8W
Basin Fruitland Coal Pool
San Juan County, New Mexico

RECEIVED
JAN 25 1993
OIL CON. DIV
DIST. 3

Incline Reserves, Inc. hereby makes application for approval of a non-standard gas proration unit for the Basin Fruitland Coal Pool for the Fed Com 31 #1 well, located on the above referenced lands.

The non-standard spacing unit is necessitated by a variation in the legal sub-division of the U.S. Public Lands Survey which has resulted in gas proration units which span across governmental sections along the western edge of the township. This fact has been recognized in the establishment of non-standard proration units for the Basin-Dakota Pool (Order No. R-60) and Blanco-Mesaverde Pool (Order No. R-6226) in Sections 6, 7, 18, 19, 30 & 31 of Township 29N, Range 8W. The effect was to create non-standard spacing units composed of an undersized half-section combined with a quarter of an adjacent section to comply with the then applicable "greater than 75%, less than 125% of the standard 320 acre unit" rule.

The non-standard gas proration unit referenced in this application will consist of the W/2 of Section 31 (261.14 acres) combined with the SW/4 of Section 30 (114 acres), for a total of 375.14 acres, more or less. Incline Reserves, Inc. has drilled and set production casing on the Federal Com 31 #1 well, located 1210' FSL and 1630' FWL of Section 31-T29N-R8W. Approval of this non-standard spacing unit is required for Incline Reserves to complete and produce the aforementioned well.

Under Rule 6 (c) of the *Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*, as promulgated by Division Order No. R-8768 and amended by Order No. R-8768-A, the Division Director may grant an exception to the application requirements of Rule 4 when the non-standard unit conforms to a previously approved Blanco-Mesaverde or Basin-Dakota Gas Pool non-standard unit. In light of these previously created units, as evidenced by the order no.'s cited above, Incline Reserves does herein petition the Division Director to grant the requested exception.

All operators offsetting the proration unit will receive copies of this application by certified mail. A list of these operators, along with a map delineating the requested non-standard spacing unit, which also notes the offsetting operators, are attached and identified as Exhibits "A" & "B". The offsetting operators have 30 days to object to the application. If no objection is received within the 30 day notice period, Incline Reserves, Inc. respectfully requests administrative approval.

Sincerely,

A handwritten signature in black ink, appearing to read "J.P. Garrett", with a stylized flourish at the end.

J.P. Garrett
Vice President

Attachments

cc: Aztec District III
Ernie Bush
1000 Rio Brazos Rd.
Aztec, N.M. 87410

Exhibit "A"

OFFSET OPERATORS / OWNERS

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289
Attn: Allen Alexander

Amoco Production Company
P.O. Box 800
Denver, CO 80201
Attn: J.W. Hawkins

D.J. Simmons Company
P.O. Box 1469
Farmington, NM 87499-1469

