



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
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Novemebr 23, 1998

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Cross Timbers Oil Company
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298

OIL CON. DIV.
DIST. 3

Attention: Edwin S. Ryan, Jr.

Re: *Administrative application for an unorthodox gas well location and simultaneous dedication for the proposed Ute Mountain Tribal "J" Well No. 6 to be drilled 450 feet from the South line and 500 feet from the West line (Unit M) of Section 1, Township 31 North, Range ~~15~~¹⁴ West, NMPM, as projected into the unsurveyed Ute Mountain Indian Reservation, San Juan County, New Mexico.*

Dear Mr. Ryan:

The Ute Dome-Dakota Pool in San Juan County, New Mexico is subject to Division statewide Rule 104.C(3)(a), requiring 160-acre spacing and proration units and wells to be located no closer then 790 feet to any outer boundary of the dedicated tract nor closer than 130 feet from any quarter-quarter section or subdivision inner boundary. Further, since the Ute Dome-Dakota Pool is a "non-prorated" gas pool, Division General Rule 104.D(3) applies, which limits standard 160-acre gas spacing units to only one producing well therein. This rule does not provide for an administrative process for exceptions to this one-well rule; therefore, this application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 17, 1998 and will be advertised in the following manner:

"Application of Cross Timbers Oil Company for an unorthodox gas well location and simultaneous dedication, San Juan County, New Mexico. Applicant seeks authorization to drill its Ute Mountain Tribal "J" Well No. 6 to test both the Ute Dome-Dakota Pool and the Morrison formation at an unorthodox gas well location for both intervals 450 feet from the South line and 500 feet from the West line (Unit M) of Section 1, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation. The SW/4 of Section 1 is to be dedicated to this well to form a standard 160-acre, more or less, gas spacing and proration unit for both intervals. The applicant further seeks an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from the above-described Ute Mountain Tribal "J" Well No. 6 and from its existing: (i) Ute

Mountain Tribal "J" Well No. 1 (API No. 30-045-21011) located at an unorthodox gas well location (approved by Division Administrative Order NSL-575, dated September 22, 1972) 2460 feet from the South line and 1830 feet from the West line (Unit K) of Section 1; and (ii) Ute Mountain Tribal "J" Well No. 4 (API No. 30-045-21332) located at a standard gas well location 1850 feet from the South line and 1110 feet from the West line (Unit L) of Section 1 and for the simultaneous dedication of all three wells to the existing 160-acre gas spacing and proration unit comprising the SW/4 of Section 1. This unit is located approximately four miles west of La Plata, New Mexico".

Please provide adequate notice pursuant to Rule 1207.A(5) and (6) of the Division's General Rules and Regulations.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
Kathy Valdes - NMOCD, Santa Fe
U. S. Bureau of Land Management - Durango, CO