



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



April 7, 1993

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

Walsh Engineering & Production Corp.
204 North Auburn
Farmington, New Mexico 87401

Attn: Paul C. Thompson

Re: Administrative Application for an Unorthodox
Coal Gas Well Location.
SG Interests I, Ltd.
Trujillo 29-10-21 Well No. 2
1165' FSL - 645' FWL (Unit M), Section 21,
Township 29 North, Range 10 West, NMPM, Basin
Fruitland Coal (Gas) Pool, San Juan County, New
Mexico.

Dear Mr. Thompson:

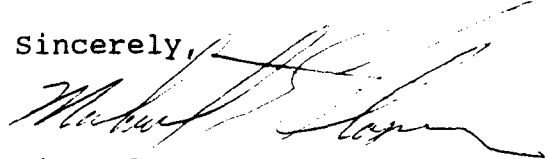
In reviewing your application dated March 29, 1993 on behalf of the operator, SG Interests I, Ltd., please provide an enlarged detailed plat (see part V of Division Memorandum No. 1-90) of the SW/4 of said Section 21 showing the numerous structures that prevented the operator from locating this well within the rather large standard coal gas well location window provided for by Rule 7 of the Basin Fruitland Coal Gas Pool Rules, as promulgated by Division Order No. R-8768, as amended.

Also, your application referred to "a landowner" requesting "this location to minimize the impact on his residence", please identify this landowner and indicate on the enlarged plat his residence and property line.

I now refer to my letter to Mr. Tommy Roberts, dated February 1, 1993, the subject administrative application meets the 60-day stipulation placed on SG Interests I, Ltd.; however, an order in Case No. 10610 and a determination on the Section 107 NGPA Coal Gas Well Determination for this well will be delayed until such time as this matter is resolved.

Should you have any questions concerning this matter, please contact me. Thank you for your cooperation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Aztec
File: Case No. 10610
W. Thomas Kellahin - Santa Fe
Tommy Roberts - Farmington
NGPA Well File



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GARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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No. 1-90

MEMORANDUM

TO: All Operators
FROM: William J. LeMay, Director *WJL*
SUBJECT: Administrative Applications for Unorthodox Locations
DATE: March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable;
 - B. Proposed access roads and pipelines if they affect the location selection;
 - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
 - E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
-
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
 - VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
 - VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
 - IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.



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BRUCE KING
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December 14, 1992

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

SG Interests I, Ltd.
c/o Tommy Roberts
Tansey, Rosebrough, Gerding & Sirother, P.C.
621 West Arrington
Farmington, NM 87401

RE: Case No. 10610 - Application of SG Interests I, Ltd. for compulsory pooling and an unorthodox coal gas well location in the S/2 of Range 10 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

Dear Mr. Roberts:

Reference is made to your letter dated November 24, 1992 whereby you requested that portion of this case seeking an unorthodox location for the proposed well be dismissed and made mention that the applicant will file the same for administrative approval.

Since the application for hearing is site-specific in this matter, the compulsory pooling order will be delayed until such time as the administrative application for this particular location is approved.

Should you have any questions concerning this matter, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Aztec
File: Case No. 10610
W. Thomas Kellahin



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February 1, 1993

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

SG Interests I, Ltd.
c/o Tommy Roberts
Tansey, Rosebrough, Gerding & Sirother, P.C.
621 West Arrington
Farmington, NM 87401

RE: Case No. 10610 - Application of SG Interests I, Ltd. for compulsory pooling and an unorthodox coal gas well location in the S/2 of Section 21, Township 29 North, Range 10 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

Dear Mr. Roberts:

To date I have not received an administrative application for your Trujillo 29-10-21 Well No. 2 which I requested in my letter dated December 14, 1992 (see copy attached).

So that I may proceed in review of this matter in a timely fashion, please submit the required application within sixty days from the date of this letter. Should we not receive a response from you by then, I will assume this well to be dry and issue a dismissal order in Case No. 10610 and withdraw your Section 107 NGPA Coal Gas Well Determination.

Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Aztec
File: Case No. 10610
W. Thomas Kellahin
NGPA Well File