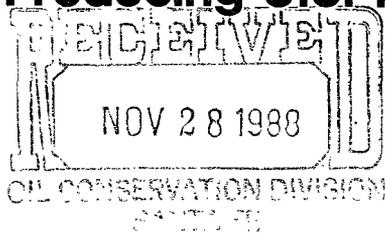


*(call upon
service)* 303-298-2620
Bill Rounding

Mobil Exploration & Producing U.S. Inc.



P.O. BOX 5444
DENVER, COLORADO 80217-5444

November 23, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

New Mexico Energy & Minerals Department
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

APPLICATION FOR EXCEPTION
UNORTHODOX LOCATION
FEDERAL BROWNING
WELL NO. 33-1
RIO ARRIBA COUNTY
NEW MEXICO

Gentlemen:

Mobil Producing Texas & New Mexico Inc. is filing for exception for the unorthodox location 2000' FSL and 1640' FEL of section 33, Township 24N, Range 1W, NMPM, Rio Arriba County, New Mexico. Prospective completion intervals are in the West Puerto Chiquito Mancos and the Basin Dakota Fields. The West Puerto Chiquito spacing is 640 acres requiring 1650 feet from outer boundary and 300 feet from the quarter section line. The Basin Dakota 320 acre spacing requires 790 feet from the quarter section line and 130 feet from the quarter-quarter section line.

This exception location is required due to terrain, existing well locations and pipelines. Lease ownership and topographic maps are enclosed along with a copy of the letters to Amoco Production and BHP Petroleum Companies and to A. G. Hill Oil Producer.

Sincerely,

*R L Brubbin for
B R Maynard*

B. R. Maynard
Regulatory Compliance Manager

wel
cc: New Mexico Oil Conservation Division, Aztec
Files 5B

Mobil Exploration & Producing U.S. Inc.

P.O. BOX 5444
DENVER, COLORADO 80217-5444

November 23, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BHP Petroleum (Americas) Inc.
5613 DTC Parkway, Suite 600
Englewood, CO 80111
Attention: C. Williams

APPLICATION FOR EXCEPTION
UNORTHODOX LOCATION
FEDERAL BROWNING
WELL NO. 33-1
RIO ARRIBA COUNTY
NEW MEXICO

Gentlemen:

Mobil Producing Texas & New Mexico, Inc. is filing for exception for the unorthodox location 2000' FSL and 1640' FEL of Section 33, Township 24N, Range 1W, NMPM, Rio Arriba County, New Mexico. Prospective Completion Intervals are in the West Puerto Chiquito Mancos and the ~~Basin Dakota~~ Fields.

This unorthodox location is required due to ^(Dakota) terrain and existing wells and pipelines.

You are being informed of this application as an offset property lessee. If you have objection to this application, such objections should be filed with the New Mexico Energy and Minerals Department, Oil Conservation Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503 with a copy to this office.

Sincerely,

*RL Boniebin for
B.R. Maynard*

B. R. Maynard
Regulatory Compliance Manager

wel

cc: New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
Files 5B

Mobil Exploration & Producing U.S. Inc.

P.O. BOX 5444
DENVER, COLORADO 80217-5444

November 23, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Amoco Production Company
P. O. Box 800
Denver, CO 80201

APPLICATION FOR EXCEPTION
UNORTHODOX LOCATION
FEDERAL BROWNING
WELL NO. 33-1
RIO ARRIBA COUNTY
NEW MEXICO

Gentlemen:

Mobil Producing Texas & New Mexico, Inc. is filing for exception for the unorthodox location 2000' FSL and 1640' FEL of Section 33, Township 24N, Range 1W, NMPM, Rio Arriba County, New Mexico. Prospective Completion Intervals are in the West Puerto Chiquito Mancos and the Basin Dakota Fields.

This unorthodox location is required due to terrain and existing wells and pipelines.

You are being informed of this application as an offset property lessee. If you have objection to this application, such objections should be filed with the New Mexico Energy and Minerals Department, Oil Conservation Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503 with a copy to this office.

Sincerely,

*R. L. Duvall for
B. R. Maynard*

B. R. Maynard
Regulatory Compliance Manager

wel

cc: New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
Files 5B

Mobil Exploration & Producing U.S. Inc.

P.O. BOX 5444
DENVER, COLORADO 80217-5444

November 23, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

A. G. Hill, Oil Producer
5000 Thanksgiving Tower
Dallas, Texas 75201

APPLICATION FOR EXCEPTION
UNORTHODOX LOCATION
FEDERAL BROWNING
WELL NO. 33-1
RIO ARRIBA COUNTY
NEW MEXICO

Gentlemen:

Mobil Producing Texas & New Mexico, Inc. is filing for exception for the unorthodox location 2000' FSL and 1640' FEL of Section 33, Township 24N, Range 1W, NMPM, Rio Arriba County, New Mexico. Prospective Completion Intervals are in the West Puerto Chiquito Mancos and the Basin Dakota Fields.

This unorthodox location is required due to terrain and existing wells and pipelines.

You are being informed of this application as an offset property lessee. If you have objection to this application, such objections should be filed with the New Mexico Energy and Minerals Department, Oil Conservation Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503 with a copy to this office.

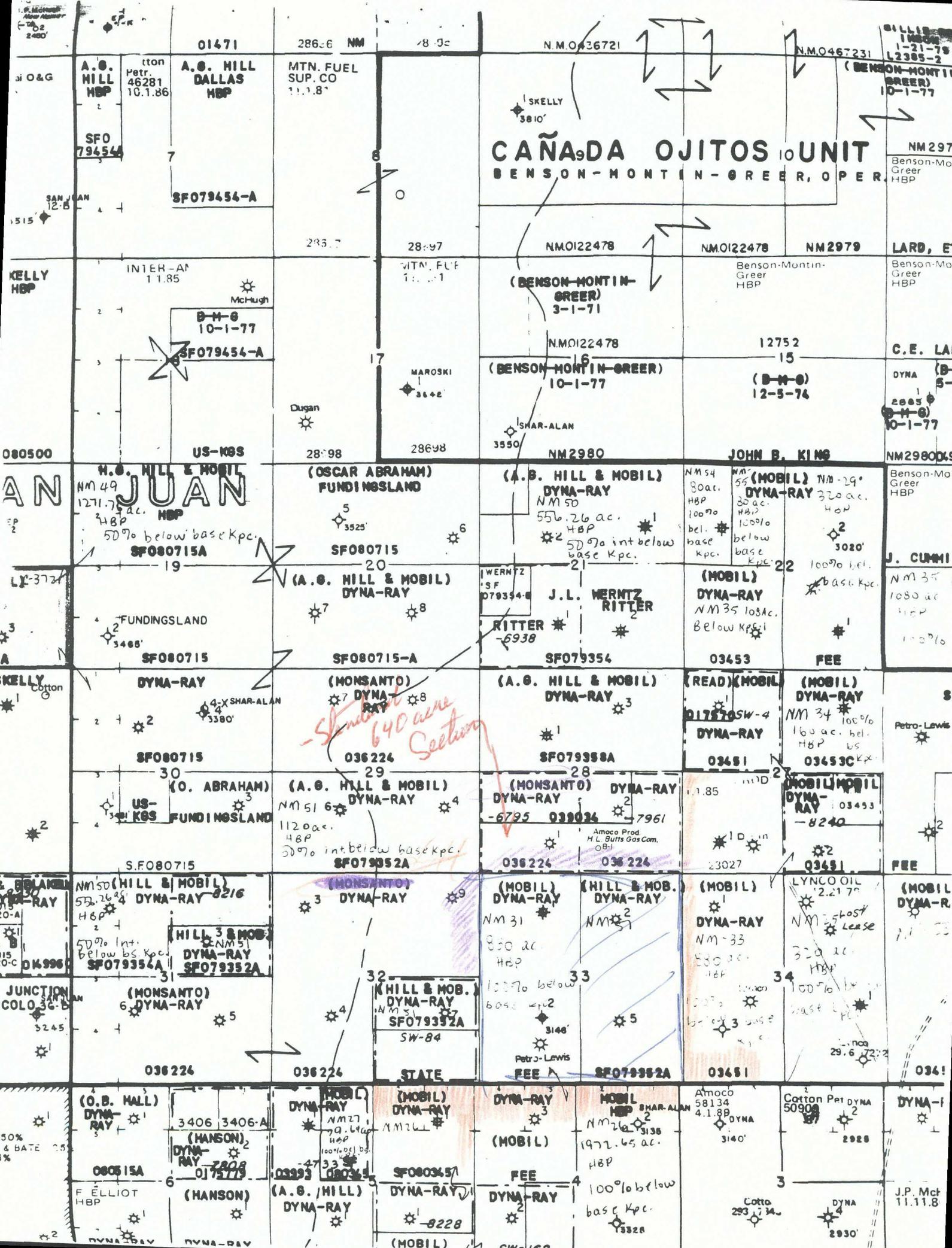
Sincerely,

*R L Brieber for
B R Maynard*

B. R. Maynard
Regulatory Compliance Manager

wel

cc: New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
Files 5B



01471

286.6 NM

18.0c

N.M.O. 36721

N.M.O. 467231

BILLIE
INSON
1-21-78
12385-2
(BENSON-MONTIN-
GREER)
10-1-77

A.O. HILL
HBP
SFO 79454

A.O. HILL
DALLAS
HBP
SFO79454-A

MTN. FUEL
SUP. CO
11.1.87

SKELLY
3810'
CAÑADA OJITOS UNIT
BENSON-MONTIN-GREER, OPER.

NM2979
Benson-Montin-
Greer
HBP

KELLY
HBP

INTER-AM
11.85
B-H-6
10-1-77
SFO79454-A

MTN. FUEL
11.1.81

(BENSON-MONTIN-
GREER)
3-1-71

Benson-Montin-
Greer
HBP

LARD, ET AL
Benson-Montin-
Greer
HBP

080500

US-KBS

28.98

28.98

NM2980

JOHN B. KING

NM2980D499

AN JUAN
H.O. HILL & MOBIL
NM 49
1271.7
348P
50% below base kpc.
SFO80715A

(OSCAR ABRAHAM)
FUNDINGSLAND
SFO80715

(A.B. HILL & MOBIL)
DYNA-RAY
NM 50
556.26 ac.
HBP
50% int below
base kpc.

(MOBIL) NM-29
DYNA-RAY 320 ac.
HBP
100% below
base kpc.

Benson-Montin-
Greer
HBP

FUNDINGSLAND
SFO80715

(A.O. HILL & MOBIL)
DYNA-RAY
SFO80715-A

J.L. WERTZ
RITTER
-6938
SFO79354

(MOBIL)
DYNA-RAY
NM 35 103 ac.
Below kpc.
SFO79354

J. CUMMINS
NM 35 (1)
1080 ac
HBP
100% below

DYNA-RAY
SFO80715

(MONSANTO)
DYNA-RAY
036224

(A.O. HILL & MOBIL)
DYNA-RAY
SFO79358A

(READ) (MOBIL)
DYNA-RAY
03453
FEE

Petro-Lewis

(O. ABRAHAM)
FUNDINGSLAND
SFO80715

(A.O. HILL & MOBIL)
DYNA-RAY
NM 51 6
1120 ac.
HBP
50% int below base kpc.
SFO79352A

(MONSANTO) DYNA-RAY
-6795 036224
Amoco Prod.
H.L. Butts Gas Com.
081
036224

(MOBIL) DYNA-RAY
NM 34
160 ac. bel.
HBP
03453C
FEE

FEE

(HILL & MOBIL)
DYNA-RAY
SFO79354A

(MONSANTO)
DYNA-RAY
036224

(MOBIL) DYNA-RAY
NM 31
850 ac
HBP
100% below
base kpc.
SFO79352A

(MOBIL) DYNA-RAY
NM 33
830 ac
HBP
03451

(MOBIL) DYNA-RAY
03451

(MONSANTO)
DYNA-RAY
036224

(HILL & MOBIL)
DYNA-RAY
SFO79352A
SW-84

(HILL & MOBIL)
DYNA-RAY
NM 32
100% below
base kpc.
SFO79352A

(MOBIL) DYNA-RAY
NM 34
100% below
base kpc.
03451

03451

(O.B. HALL)
DYNA-RAY
080515A

(MONSANTO)
DYNA-RAY
036224

(MOBIL) DYNA-RAY
NM 27
90.4 ac
HBP
100% below
base kpc.
SFO803451

(MOBIL) DYNA-RAY
NM 26
1972.65 ac.
HBP
100% below
base kpc.
03451

(MOBIL) DYNA-RAY
03451

(HANSON)
DYNA-RAY
080515A

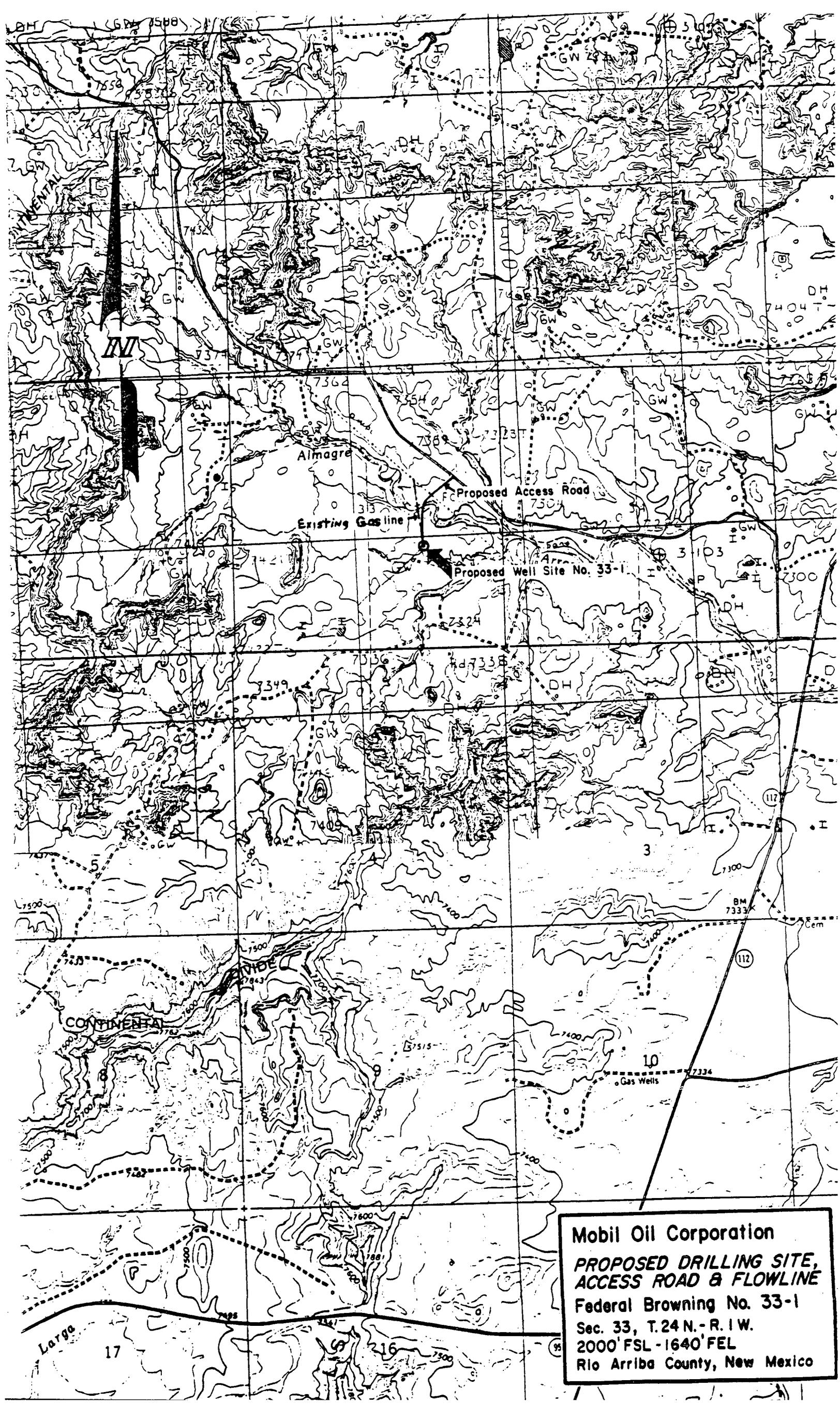
(A.O. HILL)
DYNA-RAY
-8228

(MOBIL) DYNA-RAY
NM 28
100% below
base kpc.
SW-162

(MOBIL) DYNA-RAY
NM 29
100% below
base kpc.
03451

J.P. McF
11.11.8

Standard 640 acre Section



Mobil Oil Corporation
PROPOSED DRILLING SITE,
ACCESS ROAD & FLOWLINE
Federal Browning No. 33-1
Sec. 33, T.24 N.-R.1 W.
2000' FSL - 1640' FEL
Rio Arriba County, New Mexico



Mike Stegner

Amoco Production Company

Southern Division
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

T. D. Autry
Division Production Manager

November 29, 1988

Mobil Exploration
P. O. Box 5444
Denver, CO 80217-5444

RECEIVED

DEC 9 1988

ENVIRONMENTAL &
REGULATORY CONTROL

File: LF-224-986.5

Unorthodox Location
Federal Browning No. 33-1
Rio Arriba County, New Mexico

Amoco has no objection to your application for an unorthodox location due to terrain, existing well locations, and pipelines.

T D Autry 11/27

GRJ55ca

RECEIVED
DEC 19 1988
OIL CONSERVATION DIVISION
SANTA FE

RECEIVED
DEC 13 1988
OIL CON. DIV.
DIST. 3

Mobil Exploration & Producing U.S. Inc.

P.O. BOX 5444
DENVER, COLORADO 80217-5444

December 2, 1988

New Mexico Energy & Minerals Department
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

APPLICATION FOR EXCEPTION
UNORTHODOX LOCATION
FEDERAL BROWNING
WELL NO. 33-1
RIO ARriba COUNTY
NEW MEXICO

Gentlemen:

Please find enclosed copies of the certified mail return receipts of notification of subject application sent to lessees of affected and offset properties of the Federal Browning Well No. 33-1. These are BHF Petroleum Inc., Amoco Producing Company and A. G. Hill, Oil Producer.

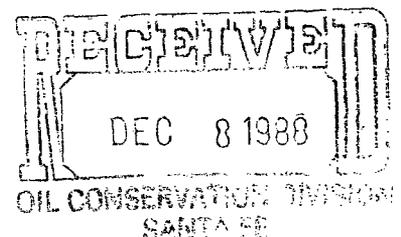
Sincerely,



B. R. Maynard
Regulatory Compliance Manager

wel

cc: New Mexico Oil Conservation Division, Aztec
Files 5B



PS Form 3811, July 1983 447-845

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- 1. Show to whom, date and address of delivery.
- 2. Restricted Delivery.

3. BHP Petroleum (Americas) Inc.
5613 DTC Parkway, Suite 600
Englewood, CO 80111

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	<i>Browning</i> <i>7 564 601 811</i>

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
11/28

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-845

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- 1. Show to whom, date and address of delivery.
- 2. Restricted Delivery.

3. Amoco Producing Company
P. O. Box 800
Denver, CO 80201-0800

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	<i>Browning</i> <i>7 564 601 810</i>

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
11/28

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- 1. Show to whom, date and address of delivery.
- 2. Restricted Delivery.

3. A. G. Hill, Oil Producer
5000 Thanksgiving Tower
Dallas, TX 75201

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	<i>Browning</i> <i>7 564 601 809</i>

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
11/28 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

(CINTA ROJA-MORROW GAS POOL - Cont'd.)

(6) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Cinta Roja-Morrow Gas Pool shall be the Morrow zone of the Pennsylvanian formation and the horizontal limits of said pool shall be extended to include the N/2 and SE/4 of Sec. 9, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That Special Rules and Regulations for the Cinta Roja-Morrow Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
CINTA ROJA-MORROW GAS POOL**

RULE 1. Each well completed or recompleted in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify

the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 1, 1967.

(2) That the operator of each well presently drilling to or completed in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive a 320-acre allowable until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, new Mexico, on the day and year hereinabove designated.

**EAST PUERTO CHIQUITO-MANCOS POOL
WEST PUERTO CHIQUITO-MANCOS POOL
Rio Arriba County, New Mexico**

Order No. R-2565-B, Abolishes Puerto Chiquito-Mancos Pool, Creates East Puerto Chiquito-Mancos Pool and West Puerto Chiquito-Mancos Pool and Adopts Temporary Operating Rules for the West Puerto Chiquito-Mancos Pool, Rio Arriba County, New Mexico, November 28, 1966, as Amended by Order No. R-2565-C, January 6, 1970, Order No. R-6469, September 10, 1980, Order No. R-6469-A, January 29, 1981, Order No. R-6469-B, February 1, 1986, and Order Nos. R-6469-C and R-3401-A, September 1, 1986.

Order No. R-2565-C, January 6, 1970, makes permanent the rules adopted in Order No. R-2565-B, as amended.

See separate Order No. R-3994, August 1, 1970, contracting the horizontal limits of the East Puerto Chiquito-Mancos Pool and extending the horizontal limits of the West Puerto Chiquito-Mancos Pool.

See separate Order No. R-6469-D, effective June 8, 1987, approving an allowable and gas-oil ratio limit for the West Puerto Chiquito-Mancos Oil Pool.

Application of Benson-Montin-Greer Drilling Corporation for Division of an Oil Pool into Two Pools and for Special Rules for Each, Rio Arriba County, New Mexico.

CASE NO. 3455
Order No. R-2565-B

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 16, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of November, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

(EAST PUERTO CHIQUITO-MANCOS AND WEST PUERTO CHIQUITO-MANCOS POOLS - Cont'd.)

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2565, dated September 9, 1963, as amended by Order No. R-2565-A, dated September 9, 1963, and Order No. R-2855, dated December 29, 1964, temporary Special Rules and Regulations were promulgated for the Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico.

(3) That by Order No. R-3118, dated September 21, 1966, said temporary Special Rules and Regulations were continued in full force and effect until further order of the Commission.

(4) That by Order No. R-2580, dated October 30, 1963, the Puerto Chiquito-Gallup Oil Pool was redesignated the Puerto Chiquito-Mancos Oil Pool.

(5) That the applicant, Benson-Montin-Greer Drilling Corporation, seeks the abolishment of the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool), Rio Arriba County, New Mexico, the creation of the East Puerto Chiquito-Mancos Oil Pool, and the creation of the West Puerto Chiquito-Mancos Oil Pool, with vertical limits of each to be the Mancos formation and horizontal limits as follows:

EAST PUERTO CHIQUITO-MANCOS OIL POOL

RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM
Sections 2 through 5: All
Sections 8 through 10: All
Sections 15 through 17: All
Sections 20 through 22: All
Sections 27 through 29: All
Sections 32 and 33: All

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM
Sections 3 through 10: All
Sections 14 through 18: All
Sections 20 through 23: All
Sections 26 through 29: All
Sections 32 through 35: All

TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM
Sections 3 through 10: All
Sections 15 through 22: All
Sections 27 through 30: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM
Section 1: E/2
Section 12: E/2
Section 13: E/2
Section 24: E/2
Section 25: E/2

WEST PUERTO CHIQUITO-MANCOS OIL POOL

RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM
Sections 6 and 7: All
Sections 18 and 19: All
Sections 30 and 31: All

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM
Sections 1 through 36: All

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM
Section 19: All
Sections 30 and 31: All

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM
Sections 1 through 36: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM
Section 1: W/2
Sections 2 through 11: All
Section 12: W/2
Section 13: W/2
Sections 14 through 23: All
Section 24: W/2
Section 25: W/2
Sections 26 through 30: All

(6) That the applicant proposes that the East Puerto Chiquito-Mancos Oil Pool be governed by all the previous rules, regulations, and orders of the Commission presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

(7) That the applicant also seeks the promulgation of temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, including a provision for 32-acre spacing units.

(8) That the applicant further seeks the establishment of an administrative procedure whereby the operators in the West Puerto Chiquito-Mancos Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease or, if in a unitized area, to wells in the same participating area in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool) encompasses more than one separate common source of supply and should therefore be abolished.

(10) That each of the proposed pools encompasses a separate common source of supply.

(11) That the East Puerto Chiquito-Mancos Oil Pool and the West Puerto Chiquito-Mancos Oil Pool should be created with horizontal limits as proposed by the applicant and vertical limits comprising the Niobrara member of the Mancos shale.

(12) That the East Puerto Chiquito-Mancos Oil Pool should be governed by all the previous rules, regulations, and orders presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

(13) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary Special Rules and Regulations providing for 320-acre spacing units should be promulgated for the West Puerto Chiquito-Mancos Oil Pool.

(14) That the temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(15) That the said temporary Special Rules and Regulations should be established for a three-year period in order to allow the operators in the West Puerto-Chiquito Mancos Oil Pool to

(EAST PUERTO CHIQUITO-MANCOS AND WEST PUERTO CHIQUITO-MANCOS POOLS - Cont'd.)

gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(16) That an administrative procedure should be established whereby the operators in the West Puerto Chiquito-Mancos Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease or, if in a unitized area, to wells in the same participating area, during the temporary three-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(17) That this case should be reopened in November, 1969, at which time the operators in the West Puerto Chiquito-Mancos Oil Pool should appear and show cause why the said pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool) is hereby abolished.

(2) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mancos production, is hereby created and designated the East Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale, and with horizontal limits as follows:

EAST PUERTO CHIQUITO-MANCOS OIL POOL**RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 2 through 5: All
Sections 8 through 10: All
Sections 15 through 17: All
Sections 20 through 22: All
Sections 27 through 29: All
Sections 32 and 33: All

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM

Sections 3 through 10: All
Sections 14 through 18: All
Sections 20 through 23: All
Sections 26 through 29: All
Sections 32 through 35: All

TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM

Sections 3 through 10: All
Sections 15 through 22: All
Sections 27 through 30: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2
Section 24: E/2
Section 25: E/2

(3) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mancos production, is hereby created and designated the West Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale, and with horizontal limits as follows:

WEST PUERTO CHIQUITO-MANCOS OIL POOL**RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 6 and 7: All
Sections 18 and 19: All
Sections 30 and 31: All

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM

Sections 1 through 36: All

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM

Section 19: All
Sections 30 and 31: All

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM

Sections 1 through 36: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM

Section 1: W/2
Sections 2 through 11: All
Section 12: W/2
Section 13: W/2
Sections 14 through 23: All
Section 24: W/2
Section 25: W/2
Sections 26 through 30: All

(4) That the East Puerto Chiquito-Mancos Oil Pool shall be governed by all the previous rules, regulations, and orders presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

IT IS THEREFORE ORDERED THAT (By Order No. R-6469-B, February 1, 1986, and Amended by Order Nos. R-6469-C and R-3401-A, September 1, 1986.)

(1) The Special Rules for the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, as previously established by Division Order No. R-2565-B, as amended by Division Orders Nos. R-2565-C and R-6469-A are hereby superseded.

(2) That new Special Rules are hereby established for the West Puerto Chiquito-Mancos Oil Pool incorporating new or revised provisions in compliance with the findings of this order and pre-existing rules not in conflict therewith, all as follows:

**SPECIAL RULES FOR THE
WEST PUERTO CHIQUITO-MANCOS OIL POOL**

RULE 1. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located on a standard spacing or proration unit consisting of approximately 640-acres which shall comprise a single governmental section, being a legal subdivision of the United States Public Land Surveys. For purposes of these rules, a spacing or proration unit consisting of between 632 and 648 contiguous surface acres shall be considered a standard spacing or proration unit. No non-standard spacing or proration unit shall be authorized except after notice and hearing.

RULE 3. An exception to the provisions of Rule 2 above may be obtained administratively for a non-standard unit comprising all of a single governmental section but comprising less than 632 acres or more than 648 acres resulting from a correction in the lands survey.

To obtain such administrative approval, the applicant shall furnish the Division Director with appropriate plats and with the written consent of all operators owning lands offsetting the proration unit.

In lieu of furnishing such consent, the applicant may furnish proof that all of the aforesaid operators were notified by registered or certified mail of his intent to form the non-standard unit. The Division Director may approve the application upon receipt of the aforementioned written consents, or if no offset operator has objected to the non-standard unit within 30 days after the Director received the application.

(RULE 4. (a)) Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located no nearer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to a quarter section line, provided however, that, with the exception of those areas as described in Rule 5 below, nothing contained herein shall be construed as permitting the drilling of more than one well on a spacing or proration unit.

(b) The operator of each well projected to and completed in the West Puerto Chiquito-Mancos Oil Pool shall conduct deviation tests on such well to determine the deviation from the vertical at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Gas.

(c) If the total deviation, assumed in a constant direction, indicates a horizontal displacement of the lowermost perforation, or the bottom of the hole in the case of an open-hole completion, of more than 330 feet from the surface location, no allowable

(EAST PUERTO CHIQUITO-MANCOS AND WEST PUERTO CHIQUITO-MANCOS POOLS - Cont'd.)

shall be approved for the well unless a directional survey approved by the Division Director establishes a horizontal displacement of 330 feet or less, or unless the well has been approved for production, subject to a possible production penalty, after notice and hearing.

RULE 5. The Division Director may grant an exception to the surface location requirements of Rule 4 (a) without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Division Director may approve the application upon receipt of written waivers of objection from all operators or if no objection is received from any offsetting operator within 20 days after receipt of the application and written waivers have been received from all offset operators whose lands are being "crowded" either directly or diagonally by the proposed unorthodox location.

RULE 6. (a) A second well may be drilled on any proration unit which lies within the following described "Buffer Zone" which includes the western-most two rows of sections within the pool, all in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM
Sections 5 through 8: All

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM
Sections 5 through 8: All
Sections 17 through 20: All
Sections 29 through 32: All

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM
Sections 5 through 8: All
Sections 17 through 20: All
Sections 29 through 32: All

However, only one well shall be allowed in the western one-half of each section of the western-most row of sections in the above-described "Buffer Zone".

(b) The Director of The Oil Conservation Division may administratively extend the "Buffer Zone" upon an extension of the common boundary between the West Puerto Chiquito Oil Pool and the Gavilan-Mancos Oil Pool.

RULE 7. (a) (As Amended by Order Nos. R-6469-C and R-3401-A, September 1, 1986.) Except as otherwise provided for in subparts (b) and (c), below, a standard spacing or proration unit in the West Puerto Chiquito-Mancos Oil Pool (632 through 648 acres) shall be assigned a top allowable of 800 barrels of oil per day. Any non-standard spacing or proration unit containing less than 632 acres or more than 648 acres shall be assigned an allowable in the same ratio to 800 as the acreage in the proration unit bears to 640.

(b) Any well on a proration unit which is located closer than 2310 feet from the eastern boundary of the Gavilan-Mancos Oil Pool shall not be allowed to produce that share of its proration unit's top allowable that is in excess of the top allowable for a well on a 320-acre proration unit in the Gavilan-Mancos Oil Pool.

(c) Any well in the pool which is the only well on a 640-acre proration unit and which is located 2310 feet or more from the eastern boundary of the Gavilan-Mancos Oil Pool shall be allowed to produce a full proration unit's top allowable.

(3) The Special Rules for the West Puerto Chiquito-Mancos Oil Pool as described above shall be made effective as of February 1, 1986.

(4) All other provisions as set forth by Division Order No. R-2565-B, as amended by Orders Nos. R-2565-C, R-6469, and R-6469-A, are hereby continued in full force and effect until further order of the Division.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

VACUUM FIELD
(Unlined Salt Water Pits Prohibited)
Lea County, New Mexico

Order No. R-3164, Prohibiting the Use of Unlined Salt Water Disposal Pits in Certain Areas of the Vacuum Field, Lea County, New Mexico, December 9, 1966.

In the Matter of the Hearing Called by the Oil Conservation Commission on its Own Motion to Permit all Operators in the Vacuum Field, Lea County, New Mexico, to Show Cause Why the Disposal of Produced Salt Water in Unlined Pits Should be Permitted in the Vacuum Field.

CASE NO. 3500
Order No. R-3164

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on December 7, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of December, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**GENERAL RULES AND REGULATIONS FOR THE
PRORATED GAS POOLS OF NEW MEXICO**

Order No. R-8170, Rescinding Order No. R-1670, Recodifying and Amending the General and Special Rules for Prorated Gas Pools in Northwestern and Southeastern New Mexico, April 1, 1986.

Order No. R-8170 supersedes Order No. R-1670, May 20, 1960, adopting rules for prorated gas pools in Northwestern and Southeastern New Mexico, as amended by Order No. R-2086, October 13, 1961, Order No. R-2404-A, March 11, 1963, Order No. R-2761, January 1, 1965, Order No. R-3168, December 22, 1966, Order No. R-3233, May 8, 1967, Order No. R-4085, January 1, 1971, Order No. R-1670-K, May 11, 1972, Order No. R-4569, July 1, 1973, Order No. R-4583, August 1, 1973 and January 1, 1974, Order No. R-4583-A, January 1, 1974, Order No. R-1670-S, August 1, 1974, Order No. R-1670-X, January 1, 1984, Order No. R-8170-B, December 23, 1986, and Order No. R-8170-C, May 7, 1987.

See separate Order No. R-8170-A, December 4, 1986, temporarily adopting amendments to Rules 10(a), 11(a) and 11(b).

Order No. R-8170-C, May 7, 1987, rescinds temporary amendments to Rules 10(a) and 11(a) which were adopted in Order No. R-8170-A, and restores those rules as stated in Order No. R-8170.

In the Matter of the Hearing Called by the Oil Conservation Commission on its Own Motion to Rescind Order No. R-1670, to Recodify and Amend the General Rules for Prorated Gas Pools, and Amend the Special Rules for Prorated Gas Pools.

CASE NO. 8749
Order No. R-8170

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 19, 1985, and January 7 and February 26, 1986, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of March, 1986, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises.

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The application in the instant case seeks to rescind Order No. R-1670, as amended, to recodify and amend the General Rules and Regulations for the Prorated Gas Pools contained therein and to amend the special gas proration rules for the Atoka-Pennsylvanian, Blinebry, Buffalo Valley-Pennsylvanian, Burton Flat-Morrow, Burton Flat-Strawn, South Carlsbad-Morrow, Catclaw Draw-Morrow, Crosby-Devonian, Eumont, Indian Basin-Morrow, Indian Basin-Upper Pennsylvanian, Jalmat, Justis-Glorieta, Monument McKee-Ellenburger, and Tubb Gas Pools of Lea, Eddy and Chaves Counties, and the special gas proration rules for the Basin-Dakota, Blanco-Mesaverde, South Blanco-Pictured Cliffs, and Tapacito-Pictured Cliffs Gas Pools of San Juan, Sandoval and Rio Arriba Counties.

(3) Order No. R-1670, entered May 20, 1960, consolidated special gas proration rules for thirteen prorated pools in Northwest and Southeast New Mexico, into a set of general rules for prorated gas pools in each geographic area and established special rules for individual pools.

(4) From time to time, said Order No. R-1670 has been amended, at least 28 times, adding or deleting pools from prorationing and amending general and special rules.

(5) The multiple changes made since 1960 are difficult to follow in reading said amended order.

(6) The original order and most of the amendments were written at a time when demand for gas from prorated gas pools was increasing.

(7) Since 1982, demand for gas from such pools has declined, often precipitously.

(8) To make said general and special rules more readable, more responsive to changing market conditions, and more uniform, the Director of the Oil Conservation Division (Division) established a State/Industry Gas Proration Rules Study Committee in early 1984.

(9) Said study committee and various ancillary committees met from time to time and formed recommendations which were received at public hearing on November 19, 1985, and January 7 and February 26, 1986.

(10) Based upon the report of the Committee and other evidence received at said hearings recodified and new general rules and special rules for prorated gas pools in New Mexico should be adopted as shown on Exhibit "A" and Exhibit "B", respectively, attached to this order.

(11) Division Form C-121-A, Purchasers Gas Nomination, should be revised as shown on Exhibit "C", attached to this order, in order to reflect changes in said general rules.

(12) Order No. R-1670, as amended, should be rescinded.

(13) The effective date of this order should coincide with the beginning of the next gas proration period, April 1, 1986.

(14) Adoption of said revised and new rules and rescission of Order No. R-1670, as amended, and revision of Form C-121-A will serve to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) General Rules for the Prorated Gas Pools of New Mexico are hereby adopted as shown on Exhibit "A" attached to and made a part of this order.

(2) The General Rules for the prorated gas pools of New Mexico contained in said Exhibit "A" shall be applicable to the following gas pools:

Northwest New Mexico

Basin-Dakota Gas Pool
Blanco-Mesaverde Gas Pool
South Blanco-Pictured Cliffs Gas Pool
Tapacito-Pictured Cliffs Gas Pool
Southeast New Mexico

Atoka-Pennsylvanian Gas Pool
Blinebry Oil and Gas Pool
Buffalo Valley-Pennsylvanian Gas Pool
Burton Flat-Morrow Gas Pool
Burton Flat-Strawn Gas Pool
South Carlsbad-Morrow Gas Pool
Catclaw Draw-Morrow Gas Pool
Crosby-Devonian Gas Pool
Eumont Gas Pool
Indian Basin-Morrow Gas Pool
Indian Basin-Upper Pennsylvanian Gas Pool
Jalmat Gas Pool
Justis Gas Pool
Monument McKee-Ellenburger Gas Pool
Tubb Oil & Gas Pool

(3) Special rules for individual prorated gas pools in New Mexico are hereby adopted as shown on Exhibit "B" attached to and made a part of this order.

(4) Order No. R-1670, as amended, is hereby rescinded.

(5) Division Form C-121-A is hereby revised as shown on Exhibit "C" attached to this order.

(6) The effective date of this order and of the general and special rules and the order rescission contained herein shall be April 1, 1986.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

GENERAL RULES FOR THE PRORATED GAS POOLS OF NEW MEXICO

(See Special Pool Rules in each pool for rules applicable to those pools only. Special Pool Rules will be found in the same sequence as in the General Section, and unless the special rules conflict with the general rule, the general rule is applicable.)

APPLICATION OF THESE RULES: Any well drilled to the producing formation of a gas pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with these rules or the special rules in effect in that pool.

RULE 1. Definitions

Acreage Factor: A GPU's Acreage Factor shall be determined to the nearest hundredth of a unit by dividing the acreage assigned to the GPU by a number equal to the number of acres in a standard GPU for such pool. However, the acreage tolerance provided in Rule 2(a)2 shall apply.

AD Factor: Acreage times Deliverability Factor is calculated in pools where acreage and deliverability are proration factors. The product obtained by multiplying the acreage factor by the calculated deliverability (expressed as MCF per day) for that GPU shall be known as the AD factor for that GPU. The AD factor shall be computed to the nearest whole unit.

Balancing Date: The date 7:00 a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

Gas Pool: Any pool which has been designated as a gas pool by the Division after notice and hearing.

Gas Proration Unit (GPU): The acreage allocated to a well, or in the case of an infill well or wells to a group of wells, for purposes of spacing and proration shall be known as the gas proration unit (GPU).

GPUs may be either of a standard or non-standard size as provided in these rules.

Gas Transporter: The term gas transporter as used in these rules shall mean any taker of gas either at the wellhead, at any other point on the lease, or at any other point authorized by the Division where connection is made for gas transportation or utilization (other than that necessary for maintaining the producing ability of the well).

Gas Purchaser: The term gas purchaser as used in these rules shall mean the purchaser (where ownership of the gas is first exchanged by the producer to the purchaser for an agreed value) of the gas from a gas well or GPU. In the event that two or more purchasers purchase from a particular gas well or GPU, the gas purchaser shall be the purchaser of the largest percentage of interest in the gas well or GPU.

Hardship Gas Well: A gas well wherein underground waste will occur if the well should be shut-in or curtailed below its minimum sustainable flow rate. No well shall be classified as a hardship gas well except after notice and hearing or upon appropriate administrative action of the Division.

Infill Well: An additional producing well on a GPU which serves as a companion well to an existing well on the GPU.

Marginal GPU: A proration unit which is incapable of producing a non-marginal allowable based on pool allocation factors. Marginal units do not accrue over- or under-production.

Non-Marginal GPU: A proration unit receiving an allowable based upon pool allocation factors. Non-marginal proration units accrue over- or under-production.

Overproduction: The volume of gas produced on a GPU in any month in excess of the assigned non-marginal allowable (does not include gas used in maintaining the producing ability of the well(s) of the GPU. Overproduction accumulates month to month during the proration period.

Prorated Gas Pool: A prorated gas pool is a gas pool in which, after notice and hearing, the production is allocated by the Division in accordance with these general rules and any applicable special pool rules.

Proration Period: The twelve-month period beginning April 1 of each year shall be the gas proration period.

Underproduction: The volume of assigned non-marginal allowable not produced on a GPU. Underproduction accumulates month to month during the proration period.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a)1. Standard Gas Proration Unit Spacing: (See Special Pool Rules for applicable size of proration units.) Unless otherwise specified by the Special Pool Rules, 160-acre units shall comprise a single governmental quarter-section; 320-acre units shall comprise two contiguous quarter-sections being the N/2, S/2, E/2, or W/2 of a single governmental section; and a 640-acre unit shall comprise a single governmental section.

RULE 2(a)2. Standard GPU Size and Variance: A standard GPU shall consist of contiguous surface acreage and shall be substantially in the form of a square in pools having 160 acre or 640 acre standard GPUs, and in the form of a rectangle in pools having 320 acre standard GPUs, and shall be a legal subdivision of the U.S. Public Land Surveys (quarter-section, half-section, or section, as applicable). Any GPU containing acreage within the appropriate tolerance limit shown below shall be considered to contain the number of acres in a standard GPU for the purpose of computing allowables.

Standard Proration Unit	Acreage Tolerance For Standard Unit
160 acres	158-162 acres
320 acres	316-324 acres
640 acres	632-648 acres

RULE 2(a)3. Non-Standard Proration Unit Approval Procedure at District Level: The District Supervisor of the appropriate district office of the Division shall have the authority to approve a non-standard GPU as an exception to Rule 2(a)2 without notice and hearing when the unorthodox size or shape of the GPU is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard GPU is not less than 75% nor more than 125% of a standard GPU.

The District Supervisor of the appropriate district office of the Division may approve the non-standard GPU by:

- (1) Accepting a plat showing the proposed non-standard GPU and the acreage to be dedicated to the non-standard GPU and,
- (2) Assigning an allowable to the non-standard GPU.

RULE 2(a)4. Non-Standard Proration Unit Approval Procedure at Director Level: The Director of the Division may grant an exception to the requirements of Rule 2(a)2 when the unorthodox size or shape of the GPU is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys and the non-standard GPU is less than 75% or more than 125% of a standard GPU, or where the following facts exist and the following provisions are complied with:

- (1) The non-standard GPU consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (2) The non-standard GPU lies wholly within a governmental subdivision or subdivisions which would be a standard GPU for the well (quarter-section, half-section, or section) but contains less acreage than a standard GPU.
- (3) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter-section, half-section, or section (for 160-acre, 320-acre, 640-acre standard dedications respectively) in which the non-standard GPU is situated and which acreage is not included in said non-standard GPU.

(4) In lieu of Paragraph (3) of this rule, the applicant may furnish proof of the fact that all of the aforesaid offset operators were notified by registered or certified mail of his intent to form such non-standard GPU. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard GPU within 20 days after Director has received the application.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

RULE 2(b). Well Location: Each well drilled or completed on a spacing and proration unit governed by these rules, including approved non-standard GPUs, shall be located as provided below:

(1) NORTHWEST NEW MEXICO

Standard Proration Unit	Location Requirements
160 acres	Not closer than 790 feet to the outer boundary of the tract, nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.
320 acres	Not closer than 790 feet to the outer boundary of the quarter-section upon which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision line boundary.

(2) SOUTHEAST NEW MEXICO

Standard Proration Unit	Location Requirements
160 acres	Not closer than 660 feet to any outer boundary of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.
320 acres	Not closer than 660 feet to any side boundary (long dimension) or 1980 feet to any end boundary (short dimension) of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.
640 acres	Not closer than 1650 feet to the outer boundary of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 2(c). Unorthodox Well Location: The Division Director shall have authority to grant an exception to the well location requirements of Rule 2(b) above without notice and hearing when the necessity for such unorthodox location is based upon topographic conditions or the recompletion of a well previously drilled to a deeper horizon, provided said well was drilled at an orthodox or approved unorthodox location for such original horizon.

Applications for administrative approval of unorthodox locations shall be filed in duplicate (original to Santa Fe and one copy to the appropriate Division District Office) and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based on topography, the plat shall also show and describe the existent topographic conditions.

The Division Director shall have authority to grant an exception to the well location requirements for wells in Southeast New Mexico on 320 acre spacing without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions provided that any such unorthodox location shall be no closer than 660 feet to the nearest side boundary nor closer than 990 feet to the nearest end boundary of the GPU.

If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic maps, cross-sections, and/or logs, and discussion of the geologic conditions which result in the necessity for the unorthodox location.

All operators of proration or spacing units offsetting the unorthodox location on the two GPU boundaries and two GPU corners closest to the unorthodox well location shall be furnished a copy of the application by certified or registered mail, and the application shall state that such notification has been given.

The Division Director may approve the unorthodox location upon receipt of waivers from all such offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application.

The Division Director may, at his discretion, set any application for administrative approval of an unorthodox location for public hearing.

B. NOMINATIONS AND PRORATION SCHEDULE

RULE 3(a). Gas Purchasers or Gas Transporters Shall Nominate: Each month each gas purchaser or each gas transporter as herein provided shall file with the Division its nomination for the amount of gas which it actually in good faith desires to purchase during the ensuing proration month from each gas pool regulated by this order. The purchaser may delegate the nomination responsibility to the transporter by notifying the Division's Santa Fe office. One copy of such nomination for each pool shall be submitted to the Division's Santa Fe office on Form C-121-A by the first day of the month during which the Division will consider at its allowable hearing the nominations for the succeeding month. The Division shall consider at its monthly gas allowable hearing the nominations of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste during the ensuing month.

RULE 3(b)1. Schedule. The Division will issue a proration schedule setting out the amount of gas which each GPU may produce during such ensuing month, along with such other information as is necessary to show the allowable-production status of each GPU on the schedule.

RULE 3(b)2. Proration of All Gas Wells Within a Pool: The Division shall include in the proration schedule the gas wells in the gas pools regulated by this order delivering to a gas transporter, and shall include in the proration schedule any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 4. Filing of Form C-102 and Form C-104 Required: No GPU shall be assigned an allowable prior to receipt of Form C-102 (Well Location and Acreage Dedication Plat) and the approval date of Form C-104 (Request for Allowable and Authorization to Transport Oil and Natural Gas).

RULE 5. How Allowables are Calculated: The total allowable to be allocated to each gas pool regulated by this order each month shall be equal to the sum of all gas purchasers' nominations for that pool, together with any adjustment which the Division deems advisable. A monthly allowable shall be assigned to each GPU entitled to an allowable by allocating the pool allowable among all such GPUs in that pool in accordance with the procedure set forth in these rules.

RULE 5(a)1. Marginal GPU Allowable: The monthly allowable to be assigned to each marginal GPU shall be equal to its latest available monthly production.

RULE 5(a)2. Non-Marginal GPU Allowable: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner (See Special Pool Rules):

(1) In pools where acreage is the only proration factor, the remaining allowable shall be allocated to each GPU in the proportion that each GPU acreage factor bears to the total acreage factor for all non-marginal GPUs.

(2) In pools where acreage and deliverability are proration factors:

(a) A percentage as set forth in Special Pool Rules, of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPUs in the pool; and

(b) The pool allowable remaining to be assigned to non-marginal GPUs shall be allocated among each GPU in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

RULE 5(b)1. New Connects Assignment of Allowables: Allowables to newly completed gas wells shall commence:

(A) In pools where acreage is the only proration factor, on the date of first delivery of gas to a gas transporter as demonstrated by an affidavit furnished by the transporter to the appropriate Division district office, or the approval date of Form C-102 and Form C-104, whichever is later; or,

(B) In pools where acreage and deliverability are proration factors:

(1) An acreage factor allowable will be assigned the later of:
(a) The date of first delivery of gas to a gas transporter as demonstrated by an affidavit furnished by the transporter to the appropriate Division district office.

(b) The approval date of Form C-102 and Form C-104.
(2) A deliverability factor allowable will be assigned the later of:

(a) The date of first delivery.

(b) 90 days prior to the date of receipt of the deliverability test report at the appropriate Division district office.

RULE 5(b)2. New Connect Maximum Producing Period: No well located in a pool where deliverability is an allowable factor shall be permitted to produce more than 120 days after the date of first delivery without a deliverability test. Any well shut in for failure to file a deliverability test may be assigned producing authorization by the Division district office for purposes of conducting such test. Except as provided in Rule 9, all production following connection including the volume of test production shall be charged against the GPU's regular allowable when assigned. Any resulting allowable assigned shall be effective on the day that the delinquent deliverability test is received in the appropriate Division district office.

RULE 6. Gas Charged Against GPU's Allowable: Except as provided in the Special Pool Rules, the volume of produced gas sold or beneficially used other than lease fuel from each GPU shall be charged against the GPU's allowable; however, the gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 7. Change in Acreage: If, during a proration month, the acreage assigned to a GPU is changed, the operator shall during such month notify the appropriate Division district office in writing of such change by filing a revised plat (Form C-102). The revised allowable assigned the GPU shall be effective on the first day of the month following receipt of the notification.

RULE 8. Minimum Allowables: After notice and hearing, the Division may assign minimum allowables in order to prevent the premature abandonment of wells. (See Special Pool Rules for minimum allowable amount.)

RULE 9(a). Deliverability Tests: In pools where acreage and deliverability are proration factors, deliverability tests taken in accordance with Division rules shall be used in calculating allowables for the succeeding proration period. Deliverability shall be determined in accordance with the provisions of the appropriate test manual (See Manual of Gas Well Testing Rules and Procedures).

RULE 9(b). Deliverability Retests: (As Amended by Order No. R-8170-B, December 23, 1986.) A change in a well's deliverability following a retest after any activity, other than routine maintenance, shall become effective the later of:

(1) the date of redelivery after such activity, such date to be indicated on the sundry notice (if a sundry notice is required) and on the remarks portion of the Form C-122-A; or,

(2) 90 days prior to the date of receipt of the appropriate deliverability test report form at the appropriate Division district office.

A change in a well's deliverability due to any other reason shall become effective on the first day of the month following the month during which the retest is approved in the appropriate Division district office.

RULE 9(c). Exceptions to Deliverability Tests: The Director of the Oil Conservation Division shall have authority to allow exceptions to the deliverability test requirement for wells on marginal GPUs where the deliverability of a well is of such volume as to have no significance in the determination of the

GPU's allowable. Application for such exception may be submitted by the operator of the well and, if granted, may be revoked by the Director at any time by requesting the well to be scheduled and tested in accordance with the current "Gas Well Testing Rules and Procedures".

RULE 9(d). Wells Exempt from Testing-San Juan Basin: A well automatically becomes exempt from testing if the GPU's average monthly production does not exceed or the GPU is not capable of producing 250 MCF per month for Pictured Cliffs Formation wells and 2,000 MCF per month for deeper formations. (See "Gas Well Testing Rules and Procedures".)

D. BALANCING OF PRODUCTION

RULE 10(a). Underproduction: Any non-marginal GPU which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any underproduction carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled. (See Order No. R-8170-A, December 4, 1986, temporarily amending Rule 10(a).)

RULE 10(b). Balancing Underproduction: Production during any one month of a gas proration period in excess of the allowable assigned to a GPU for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 11(a). Overproduction: Any GPU which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period. Said overproduction shall be made up by underproduction during the succeeding gas proration period. Any GPU which has not made up the overproduction carried into a gas proration period by the end of said period shall be shut in until such overproduction is made up. (See Order No. R-8170-A, December 4, 1986, temporarily amending Rule 11(a).)

RULE 11(b). Six-Times Overproduced: If it is determined that a GPU is overproduced in an amount exceeding six times its average monthly allowable for the preceding twelve months (or, in the case of a newly connected well, a well in a newly prorated pool or a well recently reclassified as non-marginal, six times its average monthly non-marginal allowable for the months available), it shall be shut in until its overproduction is less than six times the average monthly allowable, as determined hereinabove. (See Order No. R-8170-A, December 4, 1986, temporary amending Rule 11(b).)

RULE 11(c). Exception to Shut In for Overproduction: The Director of the Oil Conservation Division shall have authority to permit a GPU which is subject to shut-in, pursuant to Rules 11(a) or 11(b) above, to produce up to 250 MCF of gas per month upon proper showing to the Director that complete shut-in would cause undue hardship, provided however, such permission may be rescinded for any GPU produced in excess of the monthly rate authorized by the Director.

RULE 11(d). Balancing Overproduction: Allowable assigned to a GPU during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction chargeable to such GPU in determining the amount of overproduction which must be made up pursuant to the provisions of Rule 11(a) or 11(b) above.

RULE 11(e). Except to Balancing Overproduction: The Director may allow overproduction to be made up at a lesser rate than permitted under Rules 11(a), 11(b), or 11(d) above upon a showing at public hearing that the same is necessary to avoid material damage to the well.

RULE 11(f). Hardship Gas Wells: If a GPU containing a hardship gas well is overproduced, the operator must take the necessary steps to reduce production in order to reduce the overproduction.

Any overproduction existing at the time of designation of a well as a hardship gas well or accruing to the GPU thereafter shall be carried forward until such time as it is made up by underproduction.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

No GPU containing a hardship gas well, which GPU is overproduced, shall be permitted to produce at a rate higher than the minimum producing rate authorized by the Division.

RULE 11(g). Moratorium on Shut-Ins: The Director shall have authority to grant a pool-wide moratorium of up to three months as to the shutting in of gas wells in a pool during periods of high demand emergency upon proper showing that such emergency exists, and that a significant number of the wells in the pool are subject to shut-in pursuant to the provisions of Rules 11(a), 11(b), or 11(f) above. No moratorium beyond the aforementioned three months shall be granted except after notice and hearing.

RULE 11(h). (As Added by Order No. R-8170-C, May 7, 1987.) Beginning April 1, 1986 and for a period of five years thereafter, unless further extended or shortened by the Director after notice and hearing, the Director may reinstate allowable to wells which suffered cancellation of allowable under Rules 10(a) or 13(b), or loss of allowable due to reclassification of a well under Rule 13(a), if such cancellation or loss of allowable was caused by non-access or limited access to the average market demand in the pool rather than inability of the well to produce. Upon petition, together with a showing of circumstances which prevented production of the non-marginal allowable, and evidence that the well was capable of producing at allowable rates during the period for which reinstatement is requested, the allowable may be reinstated in such amounts needed to avoid curtailment or shut-in of the well for excessive overproduction. Such petition shall be approved administratively or docketed for hearing within 30 days after receipt in the Division's Santa Fe office.

E. CLASSIFICATION OF GPUs

RULE 12(a). Classification Period: The proration period shall be divided into three classification periods of four months each, commencing April 1, August 1, and December 1.

RULE 12(b). Reclassification by the Director: The Director of the Oil Conservation Division may reclassify a marginal or non-marginal GPU at any time the GPU's production data, deliverability data, or other evidence as to the GPU's producing ability justifies such reclassification.

The Director may suspend the reclassification of GPUs which would be effective on August 1 and December 1 on his own initiative or upon proper showing by an interested party, should it appear that such suspension is necessary to permit underproduced GPUs, which would otherwise be reclassified, a proper opportunity to make up such underproduction.

RULE 13(a). Reclassification to Marginal: After the production data is available for the last month of each classification period, any GPU which had an underproduced status at the beginning of the proration period may be classified marginal if its highest single month's production during the classification period is less than its average monthly allowable during such period; however, the operator of any GPU so classified, or other interested party, shall have 30 days after receipt of notification of marginal classification in which to submit satisfactory evidence to the Division that the GPU is not of marginal character and should not be so classified.

RULE 13(b). Cancellation of Underproduction on Marginal GPUs: A GPU which is classified as marginal shall not be permitted to accumulate underproduction, and any underproduction accrued to a GPU prior to its classification as marginal shall be cancelled.

RULE 14(a). Reclassification to Non-Marginal: If, at the end of any month, a marginal GPU has produced more than the total allowable for the month which would have been assigned if such GPU had been classified non-marginal, the marginal GPU shall be reclassified as a non-marginal GPU.

RULE 14(b). Reinstatement of Status: An operator of a GPU being reclassified as non-marginal which GPU was classified marginal at the end of the classification period may have eligible underage reinstated and its net status adjusted accordingly be demonstrating that the GPU could have produced a non-marginal allowable prior to its reclassification. (If the GPU had been classified as marginal for one proration period only, or a portion of one proration period only, any underproduction cancelled as the result of such classification shall be reinstated.) All uncompensated-for overproduction accruing to the GPU while marginal shall be chargeable upon reclassification to non-marginal.

F. REPORTING OF PRODUCTION

RULE 15(a). C-111 Report (Gas Transporter's Monthly Report): Each gas transporter in each of the designated gas pools regulated by this order shall submit a report, as required by General Rule 1111, to the Division so as to reach the Division on or before the 15th day of the month next succeeding the month in which the gas was taken. Such report shall be filed on Form C-111 with the wells being listed in approximately the same order as they are listed on the proration schedule. Form C-111 referred to herein shall be submitted in triplicate, the original being sent to the Division's Santa Fe office; the second copy to the Hobbs district office; and the third copy, if needed for wells in such district, to either the Artesia or Aztec district office as appropriate.

RULE 15(b). C-115 Report (Operator's Monthly Report): All producers shall report gas well production in accordance with Rule 1115 of the Division's general rules.

RULE 15(c). Reporting of Production (Days Criteria): Upon approval by the Director of the Oil Conservation Division as to the specific program to be used, any producer or transporter of gas may be permitted to report metered production of gas on a chart-period basis; provided the following provisions shall be applicable to each gas well:

- (1) Reports for a month shall include not less than 24 nor more than 32 reported days.
- (2) Reported days may include as many as the last 7 days of the previous month but no days of the succeeding month.
- (3) The total of the monthly reports for a year shall include not less than 360 nor more than 368 reported days.
- (4) For purposes of these rules, the term "month" shall mean "calendar month" for those reporting on a calendar month basis, and shall mean "reporting month" for those reporting on a chart-period basis in accordance with the exception provided in this rule.

G. GENERAL

RULE 16. Flared or Vented Gas. No gas produced from the gas pools regulated by this order shall be flared or vented.

RULE 17. Non-Compliance of Rules and Regulation: Failure to comply with the provisions of these rules shall result in the cancellation of allowable assigned to the affected GPU. No further allowable shall be assigned to the affected GPU unit. All rules and regulations are complied with. The Director shall send written notice to the operator of the GPU and to the purchaser of the date of allowable cancellation and the reason therefor.

RULE 18. Gas Well Delivery Notices: All transporters or users of gas shall file gas well delivery notices with the Division within 30 days after the date of first delivery or redelivery in accordance with the provisions of Rule 4(b).

RULE 19. Notice of Marginal Well Shut-In: Transporters shall notify the Director any time it is necessary to shut in marginal wells. Such notice shall be made within 30 days following the end of such month and shall include data as may be required by the Director. This report shall not include wells shut in for required testing, connection of new wells, or wells shut in by the operator.

(GENERAL RULES AND REGULATIONS FOR THE PRORATED GAS POOLS OF NEW MEXICO - Cont'd.)

SPECIAL RULES FOR INDIVIDUAL PRORATED GAS POOLS

SPECIAL RULES AND REGULATIONS FOR THE BASIN-DAKOTA GAS POOL

THE VERTICAL LIMITS for the Basin-Dakota Gas Pool shall be from the base of the Greenhorn Limestone to a point 400 feet below the base of the said formation and consisting of the Graneros formation, the Dakota formation and the productive upper portion of the Morrison formation.

The Basin-Dakota Gas Pool was created February 1, 1961 and gas proration became effective February 1, 1961.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a). **Standard GPU (Gas Proration Unit)** in the Basin-Dakota Gas Pool shall be 320 acres.

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 Dakota well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.

No Dakota infill well shall be drilled nearer than 920 feet to an existing Dakota well on the same GPU.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the Federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Dakota wells on the GPU as well as the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2. **Non-Marginal GPU Allowable:** The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

(A) Forty percent (40%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPUs in the pool.

When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the AD Factor and the allowable may be produced from both wells.

(B) Sixty percent (60%) of the pool allowable remaining to be allocated to non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPUs in the pool.

RULE 8. **Minimum Allowables:** A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

RULE 9(a). **Deliverability Tests:** The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of the current "Gas Well Testing Manual for San Juan Basin."

Within 90 days after a well first delivers gas to a gas transportation facility, the well shall have been tested as required in the preceding paragraph, and the results of the test filed on the appropriate form in triplicate with the Division's

Aztec office and one copy filed with the gas transportation facility to which the well is connected. Failure to file said test within the above-specified 90-day period will subject the well to the loss of one day's allowable for each day the test is late.

1. If the newly first-delivered well is an infill well on a GPU, the old well on the GPU is not required to be tested concurrently with the new well provided it has a valid test on file for the current proration period. Testing of the old well shall continue to follow the regularly assigned test schedule for the pool in which the well is located. The new well is required to be tested annually until at least three annual tests are on file; and then, the well is to be tested biennially with other wells in the pool.

2. If the old well on the GPU is "Exempt", the old well is to be tested along with the new well for the Initial and Annual Deliverability and Shut-In Pressure Test. The old well will lose its "Exempt" classification and must be tested biennially along with other wells in the pool.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SPECIAL RULES AND REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL

THE VERTICAL LIMITS for the Blanco-Mesaverde Gas Pool shall be as follows:

North and east of a line generally running from the northwest corner of Township 31 North, Range 13 West, San Juan County, New Mexico, to the southwest corner of Township 24 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, (as fully described on Exhibit "A" of Order R-5459, August 1, 1977, as amended, and in Rule 25 of this order), the vertical limits shall be from the Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

South and west of the line described in (a) above, the vertical limits shall be from a point 750 feet below said Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

The Blanco-Mesaverde Gas Pool was created February 25, 1949 and gas proration became effective March 1, 1955.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a). **Standard GPU (Gas Proration Unit)** in the Blanco-Mesaverde Gas Pool shall be 320 acres.

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 Mesaverde well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the Federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Mesaverde wells on the GPU as well as the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5(a)2. **Non-Marginal GPU Allowable:** The pool allowable remaining each month after deducting the total allowable assigned to marginal GPUs shall be allocated among the non-marginal GPUs entitled to an allowable in the following manner:

(A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPUs shall be allocated among such GPUs in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPUs in the pool.

30-039-24337

Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Mobil Producing Texas-New Mexico, Inc.

3. ADDRESS OF OPERATOR
P. O. Drawer G, Cortez, Co. 81321

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
2000; FSL, 1640' FEL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
same as above
Approx. 6-1/2 mi. East South East of Lindrith, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
1000

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
500
different zone

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7317' GL
DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
12-1/4"	9-5/8"	36.0#, K-55	400'
8-3/4"	7"	23.0#, K-55	8000'

16. NO. OF ACRES IN LEASE
1120

17. NO. OF ACRES ASSIGNED TO THIS WELL
40/640

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START*
as soon as possible
This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal procedures at 43 CFR 3165.4.

5. LEASE DESIGNATION AND SERIAL NO.
SF 079352A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME
Federal Browning 33
9. WELL NO.
33-1
10. FIELD AND POOL, OR WILDCAT
W.C. DARR
West Puerto Chiquito Mancos
11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA
J
Sec. 33, T24N, R1W
12. COUNTY OR PARISH
Rio Arriba
13. STATE
NM

RECEIVED
NOV 16 1988
OIL CON. DIV
DIST. 3

Mobil proposes to drill and complete this well in accordance with the attached Surface Development Plan and Drilling Program

CONFIDENTIAL

RECEIVED
BLM MAIL ROOM
68 OCT 26 PM 2:47
FARMINGTON RESOURCE AREA
FARMINGTON, NEW MEXICO

MEPUS, as agent for MPTM

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Chde J. Benally TITLE Sr. Environmental Engineer DATE 10/25/88
C. J. Benally

PERMIT NO. _____ APPROVAL DATE _____

"Approval of this action does not

hold legal or title to this lease."

hold legal or title to this lease."

APPROVED
AS AMENDED
DATE
NOV 03 1988
AREA MANAGER

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes C-128
Effective 1-4-88

All Distances must be from the outer boundaries of the Section.

Operator MOBIL OIL CORPORATION		Lease FEDERAL BROWNING 33		Well No. 33-1
Unit Letter J	Section 33	Township 24 NORTH	Range 1 WEST	County RIO ARRIBA

Actual Footage Location of Wells
 2000 feet from the SOUTH line and 1640 feet from the EAST line

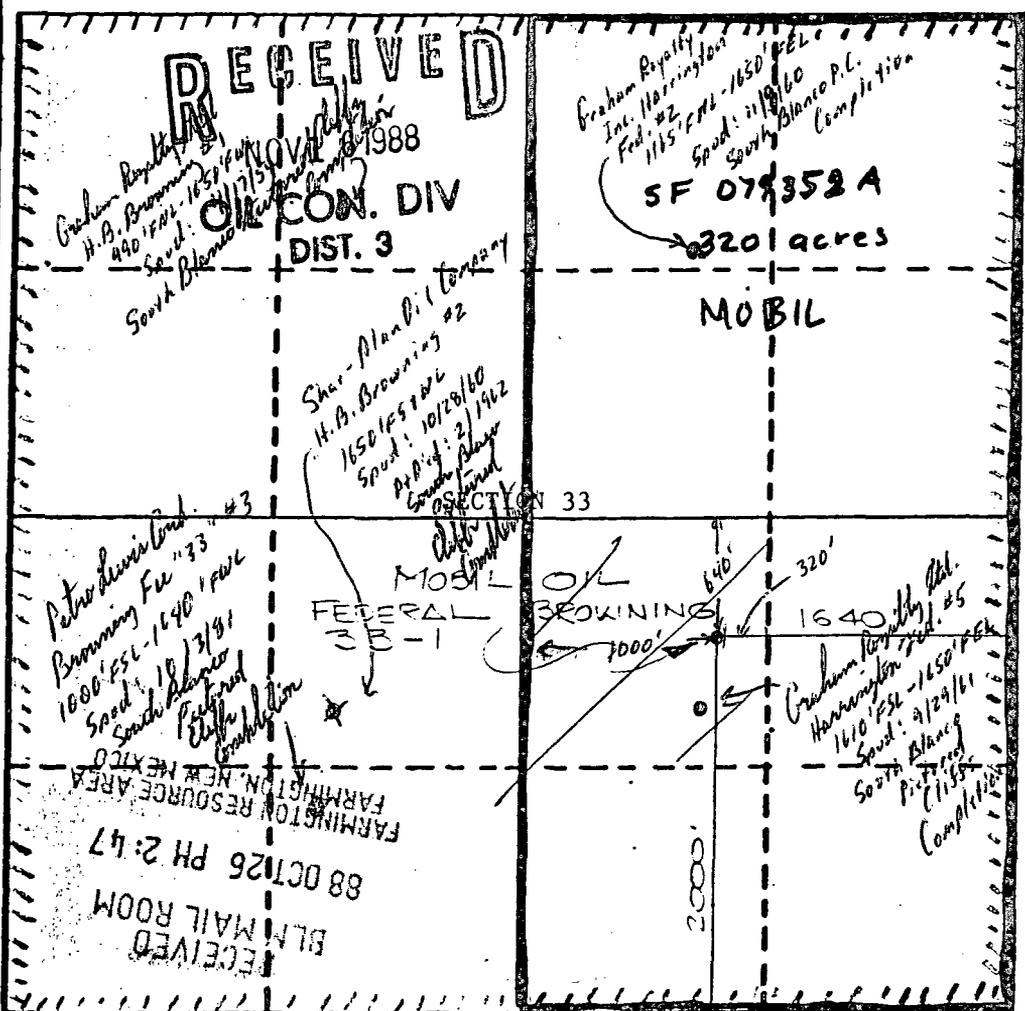
Ground Level Elev. 7317	Producing Formation Gallup-Dakota	Pool West Puerto Chiquito Mancos	Dedicated Acreage 40/640/1	Acres
-----------------------------------	---	--	--------------------------------------	-------

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

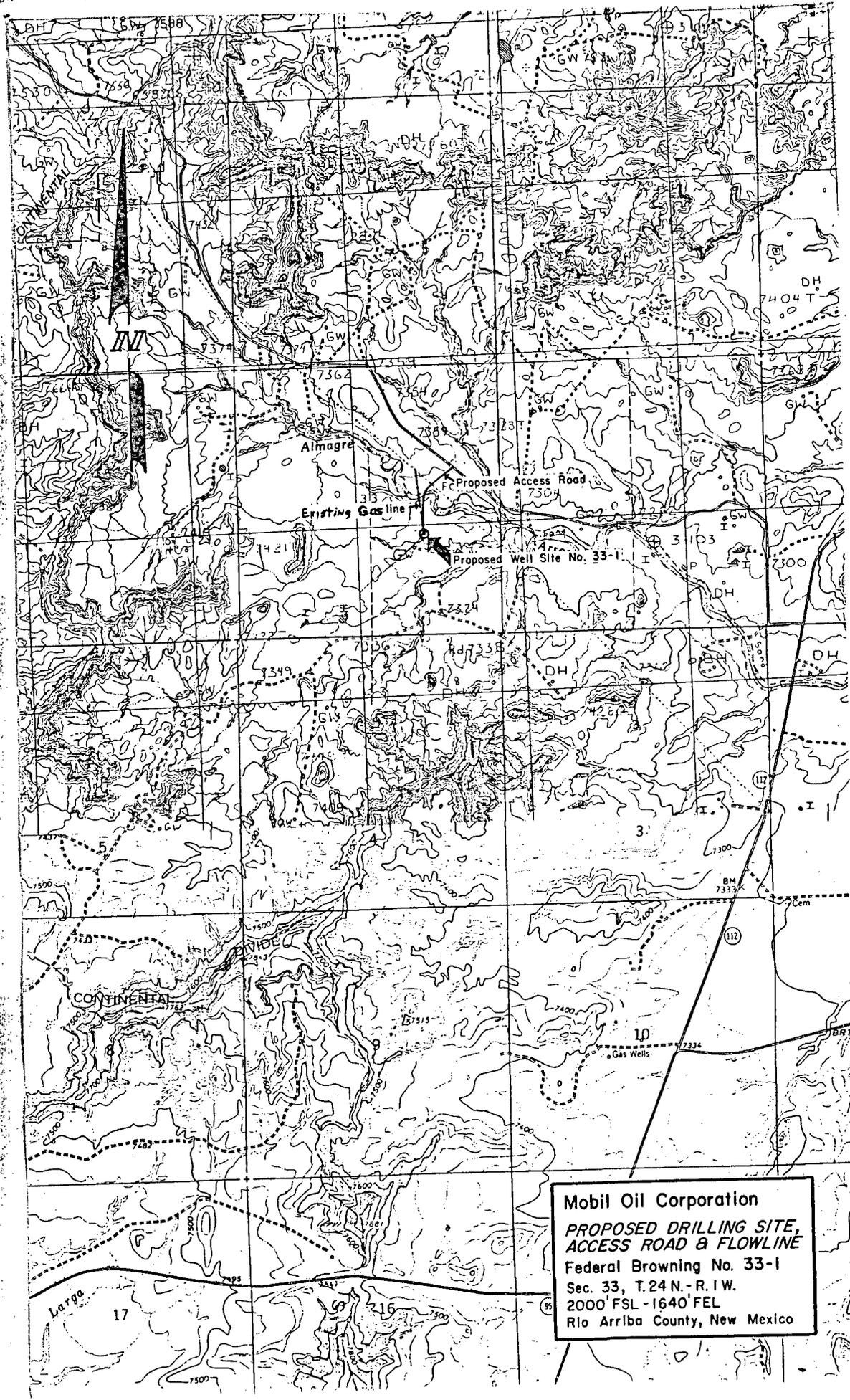
Yes No If answer is "yes," type of consolidation being communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<u>Clyde J. Bevally</u>
Position	<u>Sr. Environmental Engineer</u>
Company	<u>Mobil Oil</u>
Date	<u>October 21, 1988</u>
I hereby certify that the well location shown on this plat is plotted from field notes of which I am a Registered Professional Land Surveyor and that the same are true and correct to the best of my knowledge and belief.	
Date Surveyed	<u>SEPTEMBER 27, 1988</u>
Registered Professional Engineer and/or Land Surveyor <u>J. Roger Miller</u>	
J. ROGER MILLER	
Certificate No.	<u>9752</u>



Mobil Oil Corporation
PROPOSED DRILLING SITE,
ACCESS ROAD & FLOWLINE
Federal Browning No. 33-1
Sec. 33, T.24 N.-R.1 W.
2000' FSL - 1640' FEL
Rio Arriba County, New Mexico



STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 AZTEC DISTRICT OFFICE

STATE OF NEW MEXICO
 AZTEC, NEW MEXICO 87410
 (505) 334-6170

OIL CONSERVATION DIVISION
 BOX 2088
 SANTA FE, NEW MEXICO 87501

RECEIVED
 JAN 09 1989
 OIL CONSERVATION DIVISION
 SANTA FE

DATE 1-5-89

RE: Proposed HC _____
 Proposed DIC _____
 Proposed HSL 8 _____
 Proposed SWD _____
 Proposed WFX _____
 Proposed PHX _____

Gentlemen:

I have examined the application dated 1-3-89

for the Wobbe Fuel Prod. U.S. Inc. Fed. Browning 35# J-33-24N-1W
 Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

E. B. Buxton

CHA CHA-GALLUP POOL
San Juan County, New Mexico

Order No. R-1800, October 3, 1960, Establishing Pool, as Amended by Order No. R-1825, November 21, 1960; Order No. R-1858, February 1, 1961; Order No. R-1879, March 1, 1961; Order No. R-1908, April 1, 1961; Order No. R-1943, May 1, 1961; Order No. R-1982, June 1, 1961; Order No. R-2000, July 1, 1961; Order No. R-2048, September 1, 1961; Order No. R-2063, October 1, 1961; Order No. R-2102, November 1, 1961; Order No. R-2140, January 1, 1962; Order No. R-2173, February 1, 1962; Order No. R-2188, March 1, 1962; Order No. R-2222, May 1, 1962; Order No. R-2364, December 1, 1962; Order No. R-2398, January 1, 1963; Order No. R-2570, October 1, 1963; Order No. R-2603, December 1, 1963; Order No. R-5843, December 1, 1978; Order No. R-6327, May 1, 1980; Order No. R-6886, January 1, 1982; Order No. R-7046, August 1, 1982; Order No. R-7277, May 1, 1983; Order No. R-7420, January 1, 1984.

T-28-N, R-12-W W/2 Sec. 29; N/2 Sec. 30.
T-28-N, R-13-W Secs. 7, 8, 9; W/2 SW/4 Sec. 14; S/2, S/2 NW/4 Sec. 15; Secs. 16, 17; NE/4, E/2 SE/4 Sec. 21; W/2 SW/4, N/2 Sec. 22; Sec. 23; SW/4, S/2 SE/4 Sec. 24; E/2 NE/4 Sec. 25; N/2 NW/4 Sec. 26.
T-29-N, R-13-W S/2 SW/4, SW/4 SE/4 Sec. 30; S/2, NW/4, W/2 NE/4 Sec. 31; SW/4 Sec. 32.
T-29-N, R-14-W S/2 S/2 Sec. 7; S/2, S/2 NW/4 Sec. 16; S/2, S/2 NW/4 Sec. 17; Sec. 18; N/2, E/2 SE/4 Sec. 20; Sec. 21; S/2, NW/4, W/2 NE/4 Sec. 22; S/2 SW/4, W/2 SE/4 Sec. 23; S/2, NW/4, W/2 NE/4 Sec. 25; Secs. 26, 27; N/2 Sec. 28; E/2 NE/4 Sec. 34; E/2, NW/4 Sec. 35; Sec. 36.
T-29-N, R-15-W S/2 SW/4 Sec. 1; E/2, E/2 NW/4 Sec. 11; S/2, NW/4 Sec. 12; NW/4, E/2 Sec. 13; N/2 Sec. 14.

BASIN-DAKOTA GAS POOL
Rio Arriba, San Juan and Sandoval Counties, New Mexico

Order No. R-1670-C, February 1, 1961, Creating the Basin-Dakota Gas Pool, and Abolishing all Dakota Gas Pools Except Barker Creek-Dakota and Ute Dome-Dakota Gas Pools, Rio Arriba and San Juan Counties, New Mexico, as Amended by Order No. R-1879, March 1, 1961.

All San Juan and Rio Arriba Counties excepting Barker Creek-Dakota and Ute Dome-Dakota Gas Pools.

T-23-N, R-5-W Sec. 21.

OTERO-DAKOTA GAS POOL
Rio Arriba County, New Mexico

Order No. R-739-A, March 14, 1956, Establishing Pool, as Amended by Order No. R-1018, June 28, 1957; Order No. R-1080, October 29, 1957; Order No. R-1175, May 26, 1958; Order No. R-1211, June 26, 1958; Order No. R-1373, April 21, 1959, Renaming Pool.

New pool designated as Basin-Dakota Gas Pool established absorbing all Dakota pools abolished, including this, by Order No. R-1670-C, February 1, 1961.

KUTZ-GALLUP POOL
San Juan County, New Mexico

Order No. R-1825, November 21, 1960, Establishing Pool, as Amended by Order No. R-1858, February 1, 1961; Order No. R-1879, March 1, 1961; Order No. R-4292, May 1, 1972; Order No. R-5339, February 1, 1977; Order No. R-6886, January 1, 1982; Order No. R-8417, April 1, 1987.

T-27-N, R-10-W NW/4 Sec. 5; N/2 Sec. 6.
T-27-N, R-11-W N/2, SW/4 Sec. 1; Sec. 2; SW/4 Sec. 3; S/2 NW/4, NW/4 NE/4 Sec. 4; Sec. 5; NE/4 NE/4 Sec. 6; N/2, SE/4 Sec. 9; N/2 Sec. 10; W/2, NE/4 Sec. 11; NW/4 Sec. 12; NW/4, SW/4 NE/4 Sec. 14.
T-28-N, R-10-W SW/4 Sec. 32.
T-28-N, R-11-W SE/4 Sec. 31; SW/4 Sec. 32.

KUTZ-FRUITLAND SAND POOL
(Formerly Kutz-Fruitland GasPool)
(Vertical Limits Contracted to Include Only the Sandstone Interval)
San Juan County, New Mexico

Order No. R-1141, March 25, 1958, Establishing Pool, as Amended by Order No. R-4260, March 1, 1972; Order No. R-4690, December 1, 1973; Order No. R-4963, March 1, 1975; Order No. R-5339, February 1, 1977; Order No. R-5470, July 1, 1977; Order No. R-5779, August 1, 1978; Order No. R-6180, November 1, 1979; Order No. R-7185, January 1, 1983; Order No. R-7495, April 1, 1984; Order No. R-8769, November 1, 1988.

T-28-N, R-10-W NW/4 Sec. 26; N/2 Sec. 27; N/2 Sec. 28; N/2 Sec. 29; Sec. 30; N/2 Sec. 31.
T-28-N, R-11-W W/2 Sec. 13; S/2, NE/4 Sec. 14; Sec. 23; NW/4 Sec. 24; N/2 Sec. 25; Secs. 26, 27; SE/4 Sec. 28; NE/4 Sec. 32; N/2 Sec. 33.

LA PLATA-GALLUP POOL
San Juan County, New Mexico

Order No. R-1701, June 16, 1960, Establishing Pool, as Amended by Order No. R-3720, April 1, 1969; Order No. R-6180, November 1, 1979; Order No. R-7495, April 1, 1984.

T-31-N, R-13-W NW/4, S/2 Sec. 5; SE/4, N/2 Sec. 6.
T-32-N, R-13-W S/2 Sec. 31; N/2, SW/4 Sec. 32.

RATTLESNAKE-PENNSYLVANIAN "B" GAS POOL
San Juan County, New Mexico

Order No. R-2580, November 1, 1963, Establishing Pool.

Pool abolished by Order No. R-3057, May 1, 1966. Consolidated into Rattlesnake-Pennsylvanian "BCD" Oil Pool.

PUERTO CHIQUITO-MANCOS POOL
Rio Arriba County, New Mexico

Order No. R-1653, April 19, 1960, Establishing Pool, as Amended by Order No. R-1682, May 20, 1960; Order No. R-2222, May 1, 1962; Order No. R-2242, June 1, 1962; Order No. R-2293, August 1, 1962; Order No. R-2340, November 1, 1962; Order No. R-2398, January 1, 1963; Order No. R-2486, June 1, 1963; Order No. R-2528, August 1, 1963; Order No. R-2565, September 9, 1963; Order No. R-2580, November 1, 1963.

Pool abolished by Order No. R-2565-B, November 28, 1966.

No Dakota Oil Pool in area

