



NSP 1/7/98

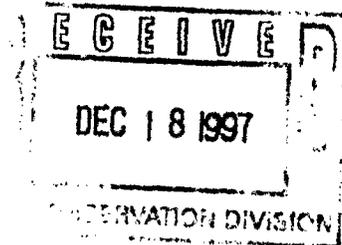
OFFICE OF THE  
STATE ENGINEER

December 16, 1997

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
2040 SOUTH PACHECO  
SANTA FE, NEW MEXICO 87505

Attention: Mr. Michael E. Stogner

RE: **Exception to Rule 4 (as amended by Order R-8768-A),  
Basin Fruitland Coal Gas Pool  
Application for administrative approval for a non-standard  
gas proration unit in the Basin Fruitland Coal Gas Pool  
for: Mexico Federal B #1  
1190' FSL & 1840' FWL  
Sec. 9-T28N-R10W, San Juan County, New Mexico**



Dear Mr. Stogner:

Four Star Oil and Gas Company respectfully requests administrative approval for a non-standard proration unit within the Basin Fruitland Coal Gas Pool. We propose to plug back the existing Aztec Pictured Cliffs perforations and recompleate the subject well in the Basin Fruitland Coal interval. We propose to allocate the entire 256.68 acre "short" section to this Basin Fruitland Coal completion (see attached C-102). The 256.68 acre section is due to an irregularity in the governmental section survey (see attached land map). Four Star Oil and Gas Co. has a 100% working interest in the proposed completion. Attached are signed waivers from all offset operators to help accelerate approval. Combining the Basin Fruitland Coal spacing unit with the existing Dakota proration unit is not feasible since it does conform to the same acreage description (Rule 6c). The Dakota spacing unit includes acreage from both sections 8 and 9 (see attached C-102 for Mexico Federal K #1). There is no Mesa Verde proration unit established. Furthermore, the two adjoining short sections have Basin Fruitland coal wells operated by Burlington Resources that were established on +/- 256 acre spacing (copies of C-102's attached).

If you have any questions concerning this matter please contact Mr. Mark Reinhold at (505) 325-4397, ext 19. Your attention to this matter is greatly appreciated.

Sincerely,

*Allan R. Davis*

Allan R. Davis  
Operating Unit Manager

MRR/s  
Attachments  
NMOCD-Aztec  
file

31	31	32	33
	⊕ State 29-10-32		
31	31	32	33
	⊕ Four Star O & G Co.	⊕ Zachry 13	⊕ Burlington Res. O & G Co.

8	8	9	9	10
⊕ Kutz Canyon #2 Burlington Res. O & G Co.			⊕ MEDICO FEDERAL 'B' #1	⊕ Zachry 11 Burlington Res. O & G Co.
17	16	16	16	15
⊕ Bimson Federal #1 Burlington Res. O & G Co.			⊕ Burlington Res. O & G Co.	⊕ Coin 8 Burlington Res. O & G Co.
17	17	16	15	15
⊕ Kutz Canyon O&G #1 Burlington Res. O & G Co.			⊕ Robert L. Bayless Oil	

**TEXACO**  
 FARMINGTON OPERATING UNIT  
 DENVER REGION  
 DENVER, COLORADO

AREA: FOUR STAR OIL & GAS COMPANY  
 SAN JUAN COUNTY, NEW MEXICO  
 DEPARTMENT: MEDICO FEDERAL 'B' #1  
 NON-STANDARD SEALING UNIT

DATE: 11/19/87  
 BY: RSO/MBR  
 REVIEWED: \_\_\_\_\_

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 199

instructions on back

Submit to Appropriate District Office

State Lease - 4 Copie

Fee Lease - 3 Copie

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 3004507575	<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name BASIN FRUITLAND COAL
<sup>4</sup> Property Code 017699	<sup>5</sup> Property Name MEXICO FEDERAL B	
<sup>7</sup> OGRID Number 131994	<sup>8</sup> Operator Name FOUR STAR OIL AND GAS COMPANY	<sup>9</sup> Elevation 5789'

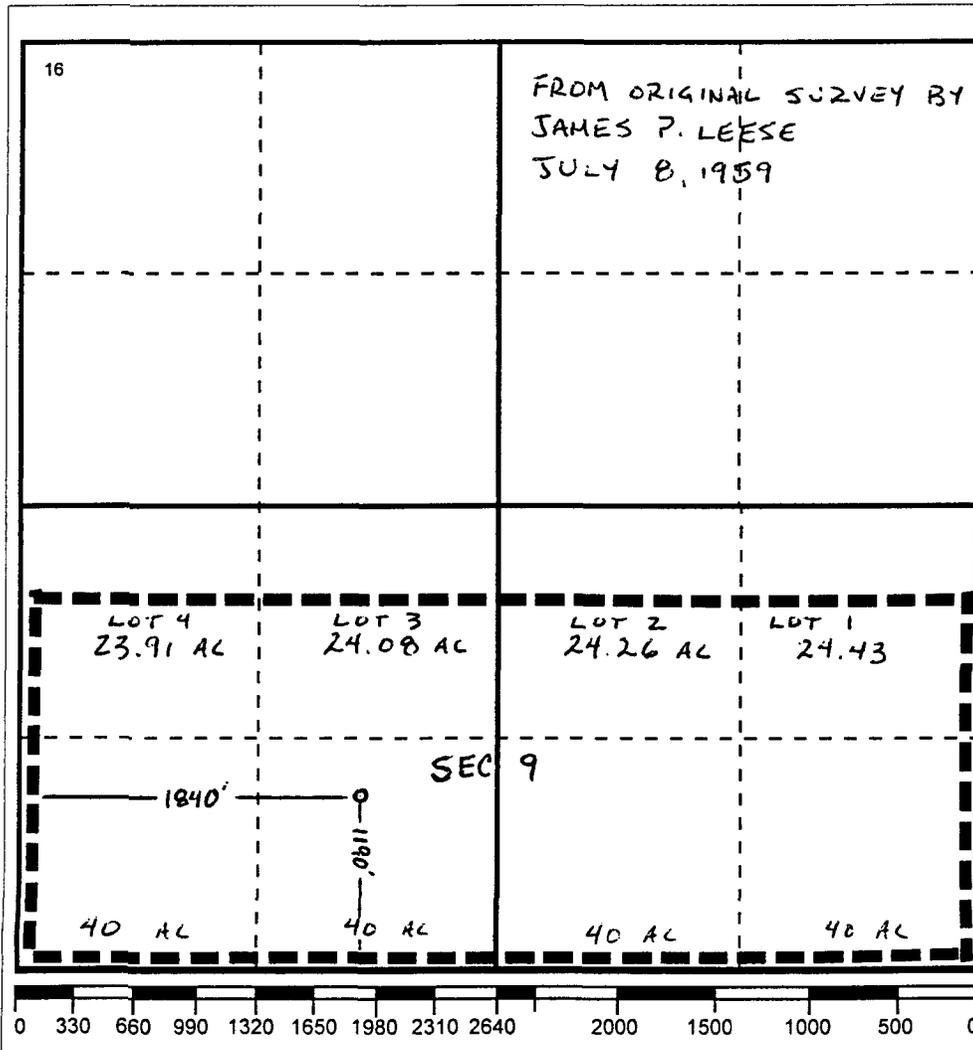
<sup>10</sup> Surface Location

UI or lot no	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
N	09	T28N	R10W		1190	SOUTH	1840	WEST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
<sup>12</sup> Dedicated Acre 256.68	<sup>13</sup> Joint or Infill No		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature  
*Allen Davis*

Printed Name  
Allen Davis

Positio  
Operating Unit Manager

Date  
12/16/97

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No.



3000 North  
Farmington, NM 87402

**Burlington Resources, Inc.**  
3535 E. 30th  
Farmington, NM 87402  
Attn: Mr. Dean Price

December 3, 1997

**RE: Exception to Rule 4 (as amended by Order R-8768-A),  
Basin Fruitland Coal Gas Pool  
Application for administrative approval for a non-standard  
gas proration unit in the Basin Fruitland Coal Gas Pool  
for: Mexico Federal B #1, 1190' FSL & 1840' FWL  
Sec. 9-T28N-R10W, San Juan County, New Mexico**

FARMINGTON AREA			
ARD			
RH			
LNS			
JR			
DEC 16 1997			
MRR		BOH	
BAB		JLS	
BAC		TLD	
RFS		FILE	
RSD		RETURN TO	

Gentlemen:

As offset operator to the spacing unit for the referenced well, your consent by signing the waiver below is requested. Four Star Oil and Gas Company proposes to form a non-standard proration unit within the Basin Fruitland Coal Gas Pool. We propose to plug back the existing Aztec Pictured Cliffs perforations and recomplate the above referenced well in the Basin Fruitland Coal interval. We propose to allocate the entire 256.68 acre "short" section to this Basin Fruitland Coal completion (see attached land plat). The 256.68 acre section is due to an irregularity in the governmental section survey. Four Star Oil and Gas Co. has a 100% working interest in the proposed completion.

If you have no objection to the above application, please sign the waiver at the bottom of this letter and return it using the enclosed self addressed envelope. Objections must be filed in writing to the Director of the New Mexico Oil Conservation Commission. If no objection is received within 30 days of receipt of this letter, the Director may approve the proposed application. Your attention to this matter is greatly appreciated.

If you have any questions concerning this matter please contact Mr. Mark Reinhold at (505) 325-4397 x 19.

Sincerely,

Allen R. Davis  
Operating Unit Manager  
MRR/s, attachments, cc: file

Waiver Approval:

COMPANY: BURLINGTON RESOURCES OIL & GAS COMPANY  
BY: Dean Price  
TITLE: SENIOR LANDMAN  
DATE: 12/8/97



Oil and Gas Division  
New Mexico Oil Conservation Commission

**Robert L. Bayless**  
P. O. Box 168  
Farmington, NM 87499  
Attn: Mr. Tucker Bayless

December 9, 1997

*BIMSON*

**RE: Exception to Rule 4 (as amended by Order R-8768-A),  
Basin Fruitland Coal Gas Pool  
Application for administrative approval for a non-standard  
gas proration unit in the Basin Fruitland Coal Gas Pool  
for: Mexico Federal B #1, 1190' FSL & 1840' FWL  
Sec. 9-T28N-R10W, San Juan County, New Mexico**

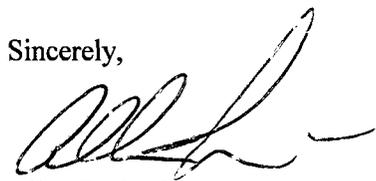
Gentlemen:

As offset operator to the spacing unit for the referenced well, your consent by signing the waiver below is requested. Four Star Oil and Gas Company proposes to form a non-standard proration unit within the Basin Fruitland Coal Gas Pool. We propose to plug back the existing Aztec Pictured Cliffs perforations and recompleate the above referenced well in the Basin Fruitland Coal interval. We propose to allocate the entire 256.68 acre "short" section to this Basin Fruitland Coal completion (see attached land plat). The 256.68 acre section is due to an irregularity in the governmental section survey. Four Star Oil and Gas Co. has a 100% working interest in the proposed completion.

If you have no objection to the above application, please sign the waiver at the bottom of this letter and return it using the enclosed self addressed envelope. Objections must be filed in writing to the Director of the New Mexico Oil Conservation Commission. If no objection is received within 30 days of receipt of this letter, the Director may approve the proposed application. Your attention to this matter is greatly appreciated.

If you have any questions concerning this matter please contact Mr. Mark Reinhold at (505) 325-4397 x 19.

Sincerely,

  
Allen R. Davis  
Operating Unit Manager  
MRR/s, attachments, cc: file

Waiver Approval:

COMPANY:

BY:

TITLE:

DATE:

  
\_\_\_\_\_  
\_\_\_\_\_  
*12-10-97*

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**WELL LOCATION AND ACREAGE DEDICATION PLAT**

SECTION A.

DATE November 1, 1961

OPERATOR Skelly Oil Company LEASE Mexico Fed "K"  
 WELL NO. 1 UNIT LETTER M SECTION 9 TOWNSHIP 28 North RANGE 10 West NMPM  
 LOCATED 1055 FEET FROM South LINE, 790 FEET FROM West LINE  
 COUNTY San Juan G. L. ELEVATION 5693 DEDICATED ACREAGE 319.67 ACRES  
 NAME OF PRODUCING FORMATION Dakota POOL Basin Dakota

1. IS THE OPERATOR THE ONLY OWNER\* IN THE DEDICATED ACREAGE OUTLINED ON THE PLAT BELOW? YES XI NO \_\_\_\_\_  
 2. IF THE ANSWER TO QUESTION ONE IS "NO," HAVE THE INTERESTS OF ALL THE OWNERS BEEN CONSOLIDATED BY COMMUNITIZATION AGREEMENT OR OTHERWISE? YES \_\_\_\_\_ NO \_\_\_\_\_ IF ANSWER IS "YES," TYPE OF CONSOLIDATION \_\_\_\_\_

3. IF THE ANSWER TO QUESTION TWO IS "NO," LIST ALL THE OWNERS AND THEIR RESPECTIVE INTERESTS BELOW:

OWNER	LAND DESCRIPTION

SECTION B.

THIS IS TO CERTIFY THAT THE INFORMATION IN SECTION A ABOVE IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

**Skelly Oil Company**  
(OPERATOR)

*J. E. Aab*  
(REPRESENTATIVE)

**Box 36 - Hobbs, New Mexico**  
(ADDRESS)

THIS IS TO CERTIFY THAT THE WELL LOCATION SHOWN ON THE PLAT IN SECTION B WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

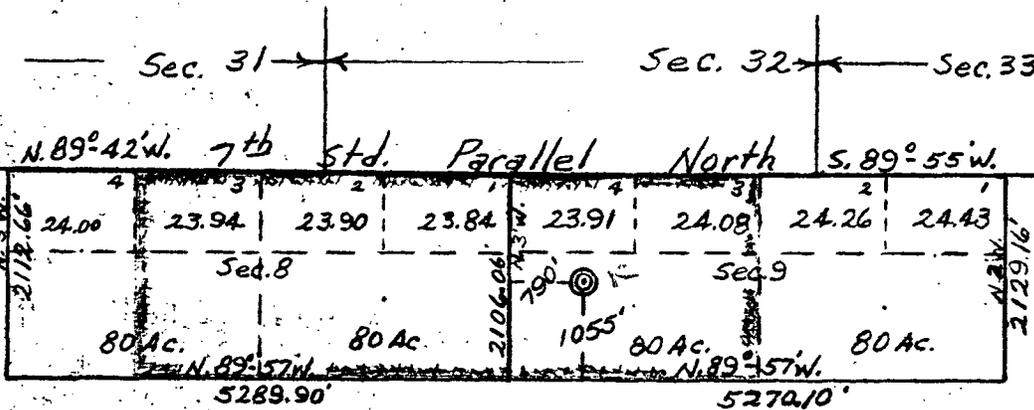
DATE SURVEYED Oct. 30, 1961

**FOUR STATES ENGINEERING CO.**

**FARMINGTON, NEW MEXICO**

*C. L. Poteet*  
 REGISTERED ENGINEER OR LAND SURVEYOR

CERTIFICATE NO. 3084



Submit to Appropriate District Office  
 State Leases - 4 copies  
 Fee Leases - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator Meridian Oil Inc.		Lease (SF-047039B) Kutz Canyon Oil & Gas		Well No. 2
Unit Letter N	Section 8	Township 28 North	Range 10 West	County NMPM San Juan
Actual Footage Location of Well: 1090 feet from the South line and 1650 feet from the West line				
Ground level Elev. 5724'	Producing Formation Fruitland coal		Pool Basin	Dedicated Acreage: 255.68 Acres

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

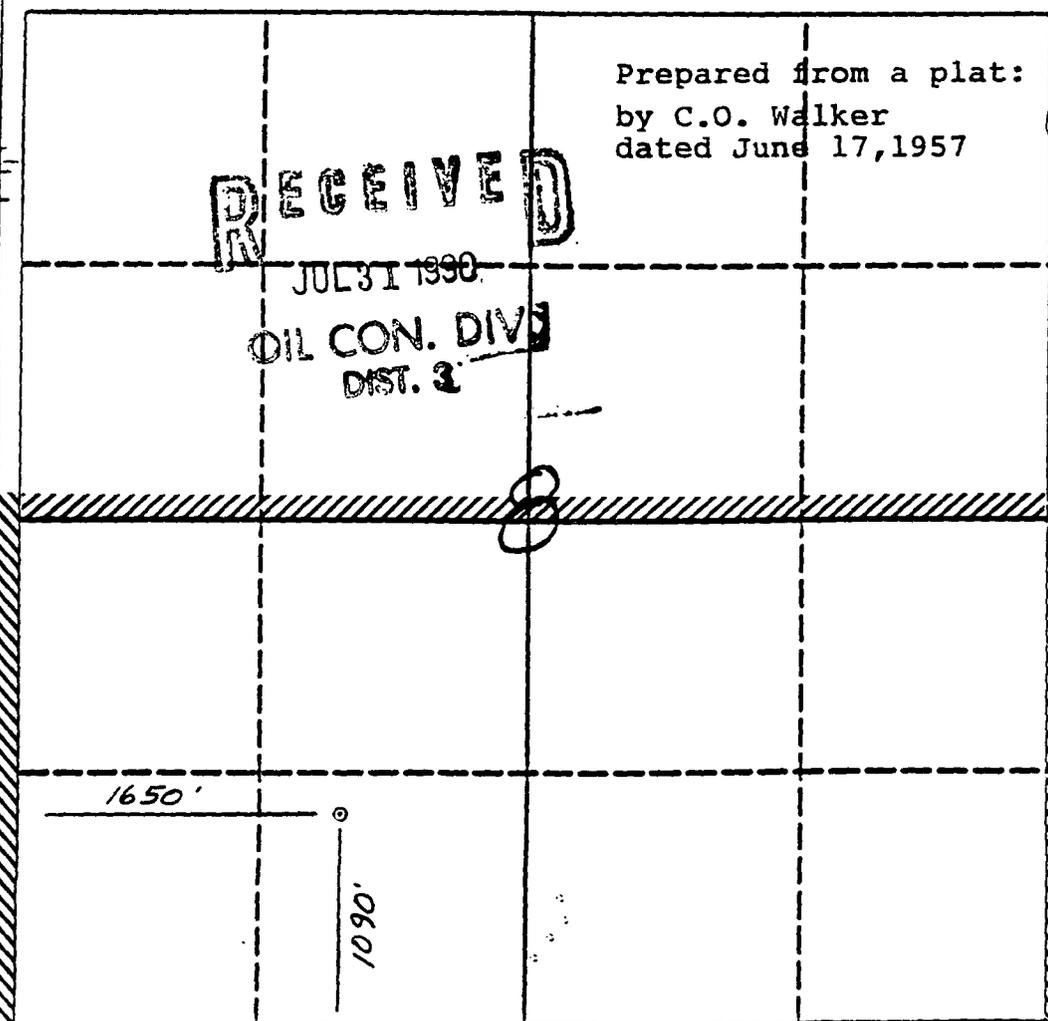
Yes  No If answer is "yes" type of consolidation \_\_\_\_\_

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 interest, has been approved by the Division.

Prepared from a plat:  
 by C.O. Walker  
 dated June 17, 1957

**RECEIVED**  
 JUL 31 1990  
 OIL CON. DIV  
 DIST. 3



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Peggy Bradford*  
 Signature

Peggy Bradford  
 Printed Name

Regulatory Affairs  
 Position

Meridian Oil Inc.  
 Company

7-11-90  
 Date

Date

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

7-10-90  
 Date Surveyed

*Neale C. Edwards*  
 Signature

NEW MEXICO  
 6857  
 REGISTERED LAND SURVEYOR  
 Neale C. Edwards

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

State of New Mexico:  
Energy, Minerals and Natural Resources Department

Form C-182  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

RECEIVED  
JAN 21 1994  
PM 2:12

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer 002, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87430

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Meridian Oil Inc,		Lease Zachry		Well No. 11
Unit Lease M	Section 10	Township 28 North	Range 10 West	County San Juan
Actual Footage Location of Well:				
990 feet from the South		Line and	990 feet from the West	
Ground Level Elev. 5820'	Producing Formations: Fruitland Coal/Pic.Cliffs		Pool Basin/Aztec	Dedicated Acreage: 259.2/193.75 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or Indian ink on the plat below.</p> <p>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).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, forced-pooling, etc.?  <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have unity been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>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, encompassing such interest, has been approved by the Division.</p>				

\* Not re-surveyed prepared from plat:  
Dated 6-10-55  
By Stephen H. Kinney

RECEIVED

JAN 21 1994

OIL CON. DIV  
DIST. 3

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Peggy Bradfield*  
Signature

Peggy Bradfield

Printed Name

Regulatory Representative

Position

Meridian Oil Inc.

Company

12-30-93

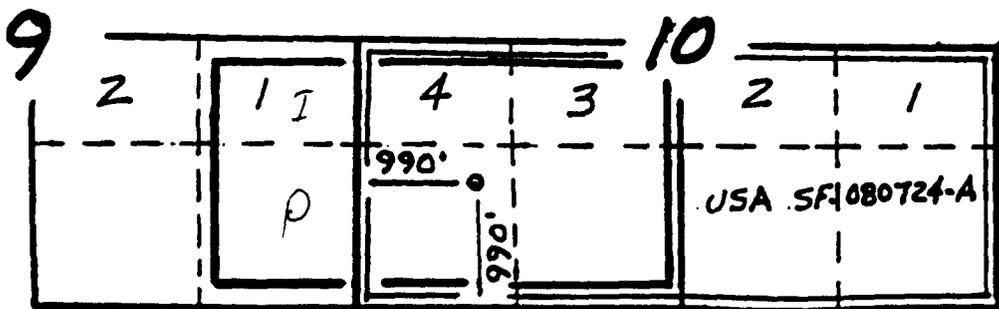
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date January 2, 1994

Notary Public  
New Mexico  
9887



9887  
Notary Public  
New Mexico  
9887

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT --" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well:     OIL WELL     GAS WELL     OTHER

2. Name of Operator  
FOUR STAR OIL AND GAS COMPANY

3. Address and Telephone No.  
3300 N. Butler Ave., Suite 100    Farmington    NM    87401    325-4397

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Unit Letter   N   :   1190   Feet From The   SOUTH   Line and   1840   Feet From The  
  WEST   Line    Section   09      Township   T28N      Range   R10W  

5. Lease Designation and Serial No.  
NM-048569

6. If Indian, Alottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and Number  
MEXICO FEDERAL B

1

9. API Well No.  
3004507575

10. Field and Pool, Exploratory Area  
BASIN FRUITLAND COAL

11. County or Parish, State  
SAN JUAN , NM

**12. Check Appropriate Box(s) To Indicate Nature of Notice, Report, or Other Data**

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

FOUR STAR OIL & GAS PROPOSES TO PLUG BACK THE EXISTING COMPLETION IN THE AZTEC PICTURED CLIFFS POOL, AND COMPLETE THE BASIN FRUITLAND COAL INTERVAL. THE ATTACHED PROCEDURE WILL BE UTILIZED. PLEASE REFER TO THE ATTACHED PROCEDURE AND WELLBORE DIAGRAMS.

14. I hereby certify that the foregoing is true and correct

SIGNATURE Allen Davis TITLE Operating Unit Manager DATE 11/18/97

TYPE OR PRINT NAME Allen Davis

(This space for Federal or State office use)

APPROVED

CONDITIONS OF APPROVAL, IF ANY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

**(BASIN-FRUITLAND COAL GAS POOL - Cont'd.)**

**RULE 6.** (As Amended by Order No. R-8768-A, July 16, 1991) The Division Director may grant an exception to the requirements of Rule (4) when the unorthodox size or shape of the gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and the non-standard gas proration unit is less than 70% or more than 130% of a standard gas proration unit, or where 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 half section, except as provided in paragraph (c) following.

(c) The non-standard unit conforms to a previously approved Blanco-Mesaverde or Basin-Dakota Gas Pool non-standard unit as evidenced by applicant's reference to the Division's order number creating said unit.

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

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

(f) The Division Director, at his discretion, may set any application under Rule (6) for public hearing.

**RULE 7.** The first well drilled or recompleted on every standard or non-standard unit in the Basin-Fruitland Coal Gas Pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit nor closer than 130 feet to any quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

**RULE 8.** The Division Director may grant an exception to the requirements of Rule (7) without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions, 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, or the drilling of an intentionally deviated horizontal wellbore. All operators or owners of undrilled tracts offsetting the proposed location shall be notified of the application by registered or certified mail, and the applicant shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all parties described above or if no objections to the unorthodox location has been entered within 20 days after the Director has received the application.

**RULE 9(A).** The Division Director shall have the authority to administratively approve an intentionally deviated well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coalbed seams by means of a wellbore drilled horizontally, provided the following conditions are complied with:

(1) the surface location of the proposed well is a standard location or the applicant has obtained approval of an unorthodox surface location as provided for in Rule (8) above.

(2) The bore hole shall not enter or exit the coalbed seams outside of a drilling window which is in accordance with the setback requirements of Rule (7), provided however, that the 10 foot setback distance requirement from the quarter-quarter section line or subdivision inner boundary shall not apply to horizontally drilled wells.

(B) To obtain administrative approval to drill an intentionally deviated horizontal wellbore, the applicant shall file such application with the Santa Fe and Aztec offices of the Division and shall further provide a copy of such application to all operators or owners of undrilled tracts offsetting the proposed gas proration unit for said well by registered or certified mail, and the application shall state that such notice has been furnished. The application shall further include the following information:

(1) A copy of Division Form C-102 identifying the proposed proration unit to be dedicated to the well.

(2) Schematic drawings of the proposed well which fully describe the casing, tubing, perforated or open hole interval, kick-off point, and proposed trajectory of the drainhole section.

The Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the intentionally deviated horizontal wellbore has been entered within 20 days after the Director has received the application. If any objection to the proposed intentionally deviated horizontal well is received within the prescribed time limit as described above, the Director shall, at the applicant's request, set said application for public hearing.

(C) During or upon completion of drilling operations the operator shall further be required to conduct a directional survey on the vertical and lateral portions of the wellbore and shall submit a copy of said survey to the Santa Fe and Aztec Offices of the Division.

(D) The Division Director, at his discretion, may set any application for intentionally deviated horizontal wellbores for public hearing.

**RULE 10.** Notwithstanding the provisions of Division Rule No. 404, the Supervisor of the Aztec district office of the Division shall have the authority to approve the venting or flaring of gas from a Basin-Fruitland Coal Gas Well upon a determination that said venting or flaring is necessary during completion operations, to obtain necessary well test information, or to maintain the producibility of said well. Application to flare or vent gas shall be made in writing to the Aztec district office of the Division.

**RULE 11.** Testing requirements for a Basin-Fruitland Coal Gas well hereinafter set forth may be used in lieu of the testing requirements contained in Division Order No. R-333-I. The test shall consist of a minimum twenty-four hour shut-in period, and a three hour production test. The Division Director shall have the authority to modify the testing requirements contained herein upon a showing of need for such modification. The following information from this initial production test must be reported:

1. The surface shut-in tubing and/or casing pressure and date these pressures were recorded.

2. The length of the shut-in period.

3. The final flowing casing and flowing tubing pressures and the duration and date of the flow period.

4. The individual fluid flow rate of gas, water, and oil which must be determined by the use of a separator and measurement facilities approved by the Supervisor of the Aztec district office of the Division; and

(BASIN-FRUITLAND COAL GAS POOL - Cont'd.)

(27) The Committee further recommended the adoption of a provision in the Special Rules and Regulations allowing the venting or flaring of gas from a Basin-Fruitland Coal Gas well during initial testing in an amount not to exceed a cumulative volume of 50 MMCF or a period not to exceed 30 days.

(28) The evidence presented does not justify the establishment of a specific permissible volume of gas to be vented or flared from Basin-Fruitland Coal Gas Wells at this time, however, the supervisor of the Aztec district office of the Division should have the authority to allow such venting or flaring of gas from a well upon a demonstration such flaring or venting is justified and upon written application from the operator.

(29) Evidence and testimony presented at the hearing indicates that the gas well testing requirements as contained in Division Order No. R-333-1 may cause damage to a Basin Fruitland Coal Gas Well, and that special testing procedures should be established.

(30) The special rules and regulations promulgated herein should include operating procedures for determination and classification of Basin-Fruitland Coal Gas Wells, horizontal wellbore and deviated drilling procedures, and procedures and guidelines for downhole commingling.

(31) This case should be reopened at an examiner hearing in October, 1990, at which time the operators in the subject pool should be prepared to appear and present evidence and testimony relative to the determination of permanent rules and regulations for the Basin-Fruitland Coal Gas Pool.

IT IS THEREFORE ORDERED THAT:

(1) Effective November 1, 1988, a new pool in all or parts of San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, classified as a gas pool for production from Fruitland coal seams, is hereby created and designated the Basin-Fruitland Coal Gas Pool, with vertical limits comprising all coal seams within the equivalent of the stratigraphic interval from a depth of approximately 2450 feet to 2880 feet as shown on the Gamma Ray/Bulk Density log from Amoco Production Company's Schneider Gas Com "B" Well No. 1 located 1110 feet from the South line and 1185 feet from the West line of Section 28, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) The horizontal limits of the Basin-Fruitland Coal Gas Pool shall comprise the following described area in all or portions of San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, with the exception of Section 3 through 6 of Township 31 North, Range 10 West, and Section 19 through 22, and 27 through 34 of Township 32 North, Range 10 West, San Juan County, New Mexico, which said acreage currently comprises the Cedar Hill-Fruitland Basal Coal Gas Pool:

- Township 19 North, Ranges 1 West through 6 West;
- Township 20 North, Ranges 1 West through 8 West;
- Township 21 North, Ranges 1 West through 9 West;
- Township 22 North, Ranges 1 West through 11 West;
- Township 23 North, Ranges 1 West through 14 West;
- Township 24 North, Ranges 1 East through 16 West;
- Township 25 North, Ranges 1 East through 16 West;
- Township 26 North, Ranges 1 East through 16 West;
- Township 27 North, Ranges 1 West through 16 West;
- Township 28 North, Ranges 1 West through 16 West;
- Township 29 North, Ranges 1 West through 15 West;
- Township 30 North, Ranges 1 West through 15 West;
- Township 31 North, Ranges 1 West through 15 West;
- Township 32 North, Ranges 1 West through 13 West;

(3) Temporary Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE BASIN-FRUITLAND COAL GAS POOL

RULE 1. Each well completed or recompleted in the Basin-Fruitland Coal Gas Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. A gas well within the Basin-Fruitland Coal Gas Pool shall be defined by the Division Director as a well that is producing from the Fruitland coal seams as demonstrated by a preponderance of data which could include the following:

- a. Electric Log Data
- b. Drilling Time
- c. Drill Cuttings of Log Cores
- d. Mud Logs
- e. Completion Data
- f. Gas Analysis
- g. Water Analysis
- h. Reservoir Performance
- i. Other evidence which may be utilized in making such determination.

RULE 3. (As Amended by Order No. R-8768-A, July 16, 1991) The Division Director may require the operator of a proposed or existing Basin-Fruitland Coal Gas well, Fruitland Sandstone well, or Pictured Cliffs Sandstone well, to submit certain data as described in Rule (2) above, which would not otherwise be required by Division Rules and Regulations, in order to demonstrate to the satisfaction of the Division that said well will be or is currently producing from the appropriate common source of supply. The confirmation that a well is producing exclusively from the Basin-Fruitland Coal Gas Pool shall consist of approval of Division Form C-104, provided however that such approval shall be for Division purposes only, and shall not preclude any other governmental jurisdictional agency from making its own determination of production origination utilizing its own criteria.

RULE 4. (As Amended by Order No. R-8768-A, July 16, 1991) Each well completed or recompleted in the Basin-Fruitland Coal Gas Pool shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Lands Survey.

Individual operators may apply to the Division for an exception to the requirements of Rule No. (4) to allow the drilling of a second well on standard 320-acre units or on approved non-standard units in specifically defined areas of the pool provided that:

(a) Any such application shall be set for hearing before a Division Examiner;

(b) Actual notice of such application shall be given to operators of Basin-Fruitland Coal Gas Pool wells, working interest owners of undrilled leases, and unleased mineral owners within the boundaries of the area for which the infill provision is requested, and to all operators of Basin-Fruitland Coal Gas Pool wells within one mile of such area, provided however any operator in the pool or other interested party may appear and participate in such hearing.

Such notice shall be sent certified or registered mail or by overnight express with certificate of delivery and shall be given at least 20 days prior to the date of the hearing.

RULE 5. (As Amended by Order No. R-8768-A, July 16, 1991) The Supervisor of the Aztec district office of the Division shall have the authority to approve a non-standard gas proration unit within the Basin-Fruitland Coal Gas Pool without notice and hearing when the unorthodox size or shape is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and/or consists of an entire governmental section and the non-standard unit is not less than 70% nor more than 130% of a standard gas proration unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard unit and the acreage contained therein.