



April 6, 2004

HAND-DELIVERED

Ms. Carol Leach, Acting Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

RECEIVED

APR 6 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13252

Re: Application of Mission Resources Corporation for three infill gas wells and simultaneous dedication, Lea County, New Mexico

Dear Ms. Leach:

Enclosed in triplicate is the Application of Mission Resources Corporation in the above-referenced case as well as a copy of the legal advertisement. Mission Resources Corporation requests that this matter be placed on the April 29, 2004 Examiner Hearing docket.

Very truly yours,

William F. Carr
Attorney for Mission Resources Corporation

Enclosures

cc: Ms. Nancy Gatti
Mission Resources Corporation

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

RECEIVED

APR 6 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

**APPLICATION OF MISSION RESOURCES CORPORATION
FOR THREE INFILL GAS WELLS AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 13252

APPLICATION

MISSION RESOURCES CORPORATION ("Mission"), through its undersigned attorneys, seeks (i) an exception to the Well Density and Location requirements of the Special Pool Rules for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170-P on December 14, 2001, for three infill Jalmat Gas well locations, and (ii) pursuant to the stipulated declaratory judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, makes application for an order approving three infill gas wells and simultaneous dedication of all Jalmat Gas Pool production to a standard 640-acre gas spacing and proration unit comprising Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and in support of its application states:

1. Mission is the operator of a standard gas spacing and proration unit in the Jalmat Gas Pool comprised of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

2. There are currently dedicated to this spacing unit the following wells:

(A) By Order No. R-6483, issued in Case No. 7022 and dated October 20, 1980 the Division Authorized the simultaneous dedication of the following four wells to a standard gas

Application

Mission Resources Corporation State "A" A/C-2 Well Nos. 82, 83 and 84

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spacing and proration unit (GPU) for the Jalmat Gas Pool comprising all of Section 11:

- (i) State "A" A/C-2 Well No. 14 (**API No. 30-025-08873**), located at an unorthodox location 660 feet from the North and 1980 feet from the East line (Unit B) of Section 11;
- (ii) State "A" A/C-2 Well No. 36 (**API No. 30-025-08878**), located at an unorthodox location 660 feet from the South and West lines (Unit M) of Section 11;
- (iii) State "A" A/C-2 Well No. 42 (**API No. 30-025-08879**), located at an unorthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 11; and
- (iv) State "A" A/C-2 Well No. 62 (**API No. 30-025-25542**), located at a standard gas well location 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11.

(B) Subsequent to the issuance of Order No. R-6483, the Division authorized development within this 640-acre GPU in the following manner:

- (i) by Division Order No. R-8575, issued in Case No. 9275 and dated January 4, 1988, authorization was given to include the State "A" A/C-2 Well No. 73 (**API No. 30-025-30035**), located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11 in the GPU;
- (ii) by Division Administrative order NSL-3089-A (SD), dated September 16, 1999, the State "A" A/C-2 Well No. 15 (**API No. 30-025-08874**), located

at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, was also approved;

- (iii) by Division Administrative Order NSL-3089-A (SD), dated September 16, 1999, the State "A" A/C-2 Well No. 75 (**API No. 30-025-34791**), located at an unorthodox gas well location 2040 feet from the South line and 660 feet from the West line (Unit L) of Section 11, was approved, and finally
- (iv) by Division Orders No. R-6483-B and R-8575-B, dated April 27, 2004, the State "A" A/C Well No. 79 (**API No. 30-025-35651**) located at an unorthodox infill gas well location 660 feet from the North and East lines of said Section 11 and the State "A" A/C-2 Well No. 80 (**API No. 30-025-35567**) located at a standard location 1980 feet from the North and West lines (Unit F), were also approved.

3. By Orders No. R-6483-B and R-8575-B, the Division found that the State "A" A/C-2 Well No. 18, located at a standard location 1650 feet from the North and East lines (Unit G) of Section 11 was plugged and abandoned and should be omitted from this GPU.

4. Mission acquired the interests in the Jalmat Gas Pool in said Section 11 in 2004 and has embarked on a drilling program that includes the following three infill Jalmat Gas Wells on this spacing and proration unit:

- (A) The State "A" A/C-2 Well No. 82 to be drilled at a standard infill gas well location 1980 feet from the South and East lines of said Section 11,
- (B) The State "A" A/C-2 Well No. 83 to be drilled at a standard infill gas well location 660 feet from the South line and 1980 feet from the West line of

said Section 11, and

- (C) The State "A" A/C-2 Well No. 84 to be drilled at a standard infill gas well location 660 feet from the South line and 1886 feet from the East line of said Section 11.

5. Each of these wells is proposed at a standard gas well location for each is located on a 640-acre spacing unit in the Jalmat Gas Pool and located at least 660 feet from the outer boundary of its assigned spacing unit, at least 660 feet from any governmental quarter section line and at least 330 feet from any quarter-quarter section line or subdivision inner boundary as required by Rule 3.A(2) of the Special Pool Rules for the Jalmat Gas Pool, promulgated by Division Order No. R-8170-P.

6. Mission seeks to simultaneously dedicate the Jalmat production from each of its proposed new infill gas wells and the existing Jalmat gas wells to this standard 640-acre Jalmat gas spacing and proration unit pursuant to the provisions of Rule 4.B(3) has provided notice of this application to all affected parties identified on Exhibit A to this application in accordance with the provisions of Rule 4.D of the Special Pool Rules for the Jalmat Gas Pool.

7. Mission's proposed infill gas wells are necessary to efficiently and economically drain the subject 640-acre spacing and proration unit.

Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Mission Resources Corporation requests that this application be set for hearing before an examiner of the Oil Conservation Division on April 29, 2004, and that, after notice and hearing as required by law and the rules of the Division, this application be granted.

Application


Mission Resources Corporation State "A" A/C-2 Well Nos. 82, 83 and 84

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Respectfully submitted,

HOLLAND & HART LLP

By:



William F. Carr
Michael H. Feldewert

ATTORNEYS FOR MISSION RESOURCES
CORPORATION

APPLICATION OF MISSION RESOURCES CORPORATION
FOR THREE INFILL GAS WELLS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

EXHIBIT A
NOTICE LIST

State "A" A/C-2 Well No. 82
Section 11, Township 22 South, Range 36 East, N.M.P.M.
1980' FS&EL (Unit J)

State "A" A/C-2 Well No. 83
Section 11, Township 22 South, Range 36 East, N.M.P.M.
660' FSL & 1980' FWL (Unit N)

State "A" A/C-2 Well No. 84
Section 11, Township 22 South, Range 36 East, NMPM
660' FSL & 1886' FEL (Unit O)

ARCO Permian
Post Office Box 1610
Midland, Texas 79702-1610

BP America Production Company
Post Office Box 3092
Houston, Texas 77253

Burlington Resources Oil and Gas Company
Post Office Box 51810
Midland, Texas 79710

Chevron U.S.A., Inc.
Post Office Box 1635
Houston, Texas 77251

Chevron U.S.A., Inc.
Claydesta Plaza
15 Smith Road
Midland, Texas 79705

ConocoPhillips
10 Desta Drive, Suite 100W
Midland, Texas 79705

Gruy Petroleum Management Company
Post Office Box 140907
Irving, Texas 75014-0907

Marathon Oil Company
Mid-Continent Production Office
Post Office Box 552
Midland, Texas 79702

OXY USA WTP Limited Partnership
Post Office Box 50250
Midland, Texas

CASE 13252

Application of Mission Resources Corporation for three infill gas wells and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Pool Rules for the Jalmat Gas Pool", as promulgated by Division Order No. R-8170-P, for three infill gas well locations within an existing standard 640-acre spacing and proration unit in the Jalmat Gas Pool comprised of Section 11, Township 22 South, Range 36 East, NMPM. This unit is currently dedicated to Mission Resources Corporation's:

- (A) State "A" A/C-2 Well No. 14 (**API No. 30-025-08873**), located at an unorthodox location 660 feet from the North and 1980 feet from the East line (Unit B) of Section 11;
- (B) State "A" A/C-2 Well No. 15 (**API No. 30-025-08874**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11;
- (C) State "A" A/C-2 Well No. 36 (**API No. 30-025-08878**), located at an unorthodox location 660 feet from the South and West lines (Unit M) of Section 11;
- (D) State "A" A/C-2 Well No. 42 (**API No. 30-025-08879**), located at an unorthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 11;
- (E) State "A" A/C-2 Well No. 62 (**API No. 30-025-25542**), located at a standard gas well location 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11;
- (F) State "A" A/C-2 Well No. 73 (**API No. 30-025-30035**), located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11;
- (G) State "A" A/C-2 Well No. 75 (**API No. 30-025-34791**), located at an unorthodox gas well location 2040 feet from the South line and 660 feet from the West line (Unit L) of Section 11;
- (H) State "A" A/C-2 Well No. 79 (**API No. 30-025-35651**), located at an unorthodox infill gas well location 660 feet from the North and west lines (Unit D) of Section 11; and
- (I) State "A" A/C-2 Well No. 80 (**API No. 30-025-35567**), located at a standard infill gas well location 1980 feet from the North and West lines (Unit F) of said Section 11.

Mission seeks an exception to the well location and well density provisions of Rule 3.A (2) of the Special Pool Rules governing the Jalmat Gas Pool for the following three proposed Jalmat wells located in Section 11:

- (A) State "A" A/C-2 Well No. 82, to be drilled at a standard infill gas location 1980 feet from the South and East lines (Unit J) of said Section 11;
- (B) State "A" A/C-2 Well No. 83, to be drilled at a standard infill gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 11; and
- (C) State "A" A/C-2 Well No. 84, to be drilled at a standard infill gas well location 660 feet from the South line and 1886 feet from the East line of said Section 11.

Further, the applicant, pursuant to the rules governing the Jalmat Gas Pool and the stipulated declaratory judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Jalmat production to this 640-acre unit from all twelve of the above-described State "A" A/C-2 Wells No. 14, 15, 36, 42, 62, 73, 75, 79, 80, 82, 83 and 84.

This spacing unit is located approximately 3.5 miles southwest of Eunice, New Mexico.



April 5, 2004

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS:

Re: Application of Mission Resources Corporation for three infill gas wells and simultaneous dedication, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Mission Resources Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an exception to the density requirements provided by the "Special Rules and Regulations for the Jalmat Gas Pool", as promulgated by Division Order No. R-8170, as amended, for its proposed State "A" A/C-2 Well Nos. 82, 83 and 84 to be drilled and completed in the Jalmat Gas Pool at infill gas well locations in Units J, n and O Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

Mission Resources Corporation pursuant to the "Special Rules and Regulations for the Jalmat Gas Pool" and the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico, on December 15, 2000, in Cause No. D-0101-CV9902927, also seeks authority to simultaneously dedicate the Jalmat production from the proposed new infill wells and the existing Jalmat gas wells identified in the enclosed application to the standard 640-acre Jalmat Gas Pool spacing and proration unit comprised of Section 11, Township 22 South, Range 36 East, NMPM.

This application has been set for hearing before a Division Examiner hearing on April 29, 2004 at Porter Hall located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87504. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

ATTORNEY FOR MISSION RESOURCES CORPORATION

Enclosure