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May 23, 2003

**HAND-DELIVERED**

Lori Wrotenbery, Director  
New Mexico Oil Conservation Director  
1220 South St. Francis  
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Case No. 13085; Application of EGL Resources, Inc. and Robert Landreth for Pool Extension for the North Bell Lake-Devonian Gas Pool and Expansion of Gas Spacing and Proration Unit, Lea County, New Mexico

Dear Ms. Wrotenbery:

Enclosed are an original and two copies of the Application of EGL Resources, Inc. and Robert Landreth in the above referenced matter. On behalf of the Applicant, we request this matter be set for hearing on the June 19, 2003 Division Examiner hearing docket. Also enclosed on disk and in hard copy is a proposed advertisement for the case.

Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb

Enclosures

cc: Wes Perry  
Robert Landreth

**RECEIVED**

MAY 23 2003

*Oil Conservation Division*

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

**RECEIVED**

MAY 23 2003

Oil Conservation Division

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**APPLICATION OF EGL RESOURCES, INC. AND  
ROBERT LANDRETH FOR POOL EXTENTION FOR  
THE NORTH BELL LAKE-DEVONIAN GAS POOL AND  
EXPANSION OF GAS SPACING AND PRORATION UNIT,  
LEA COUNTY, NEW MEXICO**

CASE NO. 13085

**APPLICATION**

EGL Resources, Inc., ("EGL"), and Robert Landreth, ("Landreth"), through their counsel, hereby make application to the Oil Conservation Division for an order extending the pool boundaries of the North Bell Lake-Devonian Gas Pool (71840) to include Sections 4 and 5, Township 23 South, Range 34 East, NMPM in Lea County and concurrently expanding the 320-acre gas spacing and proration unit created by Order No. R-11962 presently consisting of the N/2 of said Section 4 to include the entirety of said Section 4 to form a 640-acre spacing and proration unit from the base of the Morrow formation to the base of the Devonian formation. In support of their Application, EGL and Landreth state:

1. The North Bell Lake-Devonian Gas Pool was established by the Oil Conservation Commission pursuant to Order No. R-2187 issued on March 1, 1962 following the completion of the Continental Oil Company Bell Lake Unit No. 6 discovery well located in Unit O of Section 6, T-23-S, R-34-E. The Bell Lake Unit No. 6 discovery well was completed as a producing gas well in the Devonian formation on June 8, 1960. Subsequently, on August 4, 1980, the Division issued Order No. R-6424 extending the boundaries of the North Bell Lake-Devonian Gas Pool to

include the entirety of Section 6, along with Sections 7 and 18, all in T-23-S, R-34-E. Order No. R-6424 also established special pool rules for the North Bell Lake-Devonian Gas Pool which require 640-acre spacing for development in that pool.

2. EGL is the owner and operator of the Rio Blanco 4 Federal Well No. 1 (API No. 30-025-34515) located at a standard location (Unit F) 1980 feet from the north and west lines of said Section 4. EGL proposes to re-enter the Rio Blanco 4 Federal Well No. 1 presently drilled to the Morrow formation and deepen the well by way of a side-track to the Devonian formation.

3. By Order No. R-11962 issued by the Division on May 13, 2003, the working interests from the base of the Morrow to the base of the Devonian formation underlying the N/2 of said Section 4 were consolidated to form a standard 320-acre wildcat gas spacing and proration unit dedicated to the Rio Blanco 4 Federal Well No. 1. EGL was also designated as operator of the well and the unit.

4. Applicants seek the extension of the horizontal limits of the North Bell Lake-Devonian Gas Pool to include all of Sections 4 and 5, T-23-S, R-34-E, NMPM in Lea County.

5. Applicants also seek the expansion of the 320-acre unit created by Order No. R-11962 to include the S/2 of said Section between the base of the Morrow formation and the base of the Devonian formation in order to create a 640-acre gas spacing and proration unit consistent with the special pool rules and regulations for the North Bell Lake-Devonian Gas Pool. Applicants further request that the compulsory pooling provisions of Order No. R-11962 be made applicable to the uncommitted interests within the S/2 of said Section 4.

6. The application of the special pool rules and regulations for the North Bell Lake-Devonian Gas Pool to Section 4 is necessary and appropriate for the orderly and efficient development of Devonian formation gas reserves. Devonian formation gas reserves are best

developed and produced on 640-acre proration units so that the unnecessary dissipation of reservoir energy, the violation of correlative rights, a reduction of the ultimate recovery of reserves, and the drilling of unnecessary wells may be avoided.

7. EGL further requests the expansion of the gas spacing and proration unit and the extension of the special pool rules and regulations for the North Bell Lake Devonian Gas Pool to Sections 4 and 5 be made effective as of May 13, 2003, the date of the entry of Order No. R-11962.

8. EGL is supported in this Application by Robert Landreth in all respects.


9. Together, the Applicants EGL and Landreth own and control 87.50% of the working interests in the proposed expanded 640-acre unit in Section 4.

10. Granting this application will be in the best interests of conservation, the prevention of waste, including avoiding the drilling of unnecessary wells, and the protection of correlative rights.

Wherefore, EGL and Landreth requests this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 19, 2003, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other relief as deemed appropriate.

Respectfully submitted,

MILLER STRATVERT P.A.

By: 

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Attorneys for EGL Resources, Inc. and  
Robert Landreth