

HOLLAND & HART LLP



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January 24, 2006

**HAND-DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13654*

2006 JAN 24 PM 5 33

Re: Application of Western Minerals & Oil Ltd. for simultaneous dedication,  
San Juan County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Western Minerals & Oil Ltd. in the above-referenced case as well as a copy of a legal advertisement. Western requests that this application be placed on the docket for the March 2, 2006 Examiner hearings.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Mike Pippin (w/enclosures)  
3104 N. Sullivan  
Farmington, NM 87401

**Holland & Hart LLP**

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

**IN THE MATTER OF THE APPLICATION OF  
WESTERN MINERALS & OIL LTD.  
FOR SIMULTANEOUS DEDICATION AND  
APPROVAL OF UNORTHODOX WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13654

2006 JUN 24 PM 5 33

**APPLICATION**

WESTERN MINERALS & OIL LTD. ("Western"), through its undersigned attorneys, pursuant to Oil Conservation Division Rule 104.D (3), hereby makes application for an order authorizing the simultaneous dedication of the following two wells located in the SW/4 of Section 24, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico to the 160-acre spacing and proration unit in the South Blanco-Pictured Cliffs Gas Pool comprised of the SW/4 of said Section 24:

- A. Marron Well No. 1 (API No. 30-045-06310) located in Unit M at an unorthodox gas well location 380 feet from the South line and 345 feet from the West line; and
- B. Marron Well No. 6 (API No. 30-045-21323) located in Unit K at a standard gas well location 1520 feet from the South line and 1670 from the West line.

Western also seeks an order authorizing the unorthodox location for its Marron Well No. 1.

In support of its application, Western states:

1. Western is the operator of a standard 160-acre gas spacing and proration unit in the South Blanco-Pictured Cliffs Gas Pool comprised of the SW/4 of Section 24, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico. Western's Marron Well No. 6

located in Unit K of said Section 24 currently produces from the Pictured Cliffs formation, South Blanco-Pictured Cliffs Gas Pool.

2. Western's Marron Well No. 6 is not efficiently producing the reserves under this spacing unit.

3. To produce the reserves under this spacing unit, Western seeks an exception to the provisions of Division Rule 104.D(3) for its Marron Well No. 1 which it proposes to re-enter at an unorthodox well location in Unit M of Section 24 for the production of hydrocarbons from the Pictured Cliffs formation. Western shut-in the Marron Well No. 1 in August 2005.

4. Western also seeks approval of the unorthodox location for its Marron Well No. 1 because it has been unable to locate an order from the Division approving the location. Statewide Rules provide for wells to be located no closer than 660 feet to any outer boundary of a spacing unit. This location is unorthodox because it is only 380 feet from the South line and 345 feet from the West line of said Section 24. The Marron Well No. 1 was drilled in early 1954 and was located in that area for topographical reasons. However, after checking in its own well files and the well files for the Division in both Santa Fe and the district office, Western has not found a record granting approval of the unorthodox well location. Therefore, Western also seeks approval from the Division for the unorthodox well location of its Marron Well No. 1.

5. The simultaneous dedication of the SW/4 of said Section 24 to the Marron Well No. 1 and the Marron Well No. 6 will afford Western the opportunity to efficiently produce the Pictured Cliffs formation under this spacing and proration unit thereby protecting its correlative rights.

6. Approval of this application will result in the efficient recovery of hydrocarbons from the South Blanco-Pictured Cliffs Gas Pool thereby preventing waste and will otherwise be in the best interest of conservation.

7. Exhibit A to this application is a list of affected persons as defined by Division Rule 1210(A)(2). Western has given notice to the listed parties and advised that if they have objection to this application it must be filed in writing in the Division's Santa Fe office within twenty days from the date this notice was sent.

WHEREFORE, Western Minerals & Oil Ltd. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 2, 2006 and, after notice and hearing as required by law, the Division enter its order approving the simultaneous dedication of the SW/4 of Section 24, Township 27 North, Range 8 West, NMPM, to the Marron Wells No. 1 and No. 6 and approving the unorthodox well location of the Marron Well No. 1.

Respectfully submitted,

HOLLAND & HART LLP

By: Ocean Munds-Dry  
William F. Carr

Ocean Munds-Dry

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR WESTERN MINERALS &  
OIL LTD.

**Exhibit A**  
**Application of Western Minerals & Oil**  
**for Simultaneous Dedication and Approval of**  
**an Unorthodox Well Location,**  
**San Juan County, New Mexico**

Burlington Resources Oil & Gas Company  
Post Office Box 4289  
Farmington, New Mexico 87499

ConocoPhillips  
Three WestLake Park, WL 3003  
Post Office Box 2197  
Houston, Texas 77252

CASE 3654 **Application of Western Minerals & Oil Ltd. for simultaneous dedication and an unorthodox well location, San Juan County, New Mexico.** Applicant in the above-styled cause seeks authorization to simultaneously dedicate the standard 160-acre gas spacing unit in Pictured Cliffs formation, South Blanco Pictured Cliffs Gas Pool, comprised of the SW/4 of Section 24, Township 27 North, Range 8 West, NMPM, to its Marron Well No. 1 (API No. 30-045-06310) located in Unit K at an unorthodox well location 380 feet from the South line and 345 feet from the West line of said Section 24 and its Marron Well No. 6 (API No. 30-045-21323) located in Unit M at a standard location 1520 feet from the South line and 1670 feet from the West line of said Section 24. Applicant also seeks approval of the unorthodox well location of the Marron Well No. 1. Said unit is located approximately 12 miles south of Blanco, New Mexico.



January 24, 2006

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO AFFECTED INTEREST OWNERS:

Re: Application of Western Minerals & Oil, Ltd. for Simultaneous Dedication and Approval of an Unorthodox Well Location, San Juan County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Western Minerals & Oil, Ltd. has filed the enclosed application with the New Mexico Oil Conservation Division seeking authorization to simultaneously dedicate a standard 160-acre spacing or proration unit in the South Blanco-Pictured Cliffs Gas Pool comprised of the SW/4 of Section 24, Township 27 North, Range 8 West, NMPM, to its Marron Well No. 1 and Marron Well No. 6. Western also seeks approval of the unorthodox well location for its Marron Well No. 1.

This application has been set for hearing before a Division Examiner on March 2, 2006. The hearing will be held in Porter Hall at the Division's Santa Fe offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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.

Any person desiring to appear and present technical evidence at the hearing is required by Division Rules 1208 and 1211 to file an entry of appearance five business days in advance of a scheduled hearing, and a prehearing statement four days in advance of the hearing, but in no event later than the Thursday preceding the scheduled hearing date. The prehearing statement must include: the party and the party's attorney; the reasons a party supports or opposes the application; the names and expertise 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,

*Ocean Munds-Dry*  
OCEAN MUNDS-DRY

ATTORNEY FOR WESTERN MINERALS & OIL, LTD.

Enc.