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PLEASE REPLY TO SANTA FE

- * NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
- ** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

June 25, 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: Amended Application of
EGL Resources, Inc. and Robert Landreth for Pool Extension for the North
Bell Lake-Devonian Gas Pool, or Alternatively, for Pool Creation and Special
Pool Rules, and Expansion of Gas Spacing and Proration Unit, Lea County,
New Mexico

Dear Ms. Wrotenbery:

Enclosed is an original and two copies of the Amended 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 August 21, 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
JUN 25 2003
Oil Conservation Division

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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 EXTENSION FOR
THE NORTH BELL LAKE-DEVONIAN GAS POOL,
OR ALTERNATIVELY, FOR POOL CREATION AND
SPECIAL POOL RULES, AND EXPANSION OF GAS
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO**

RECEIVED

JUN 25 2003

Oil Conservation Division

CASE NO. 13085

AMENDED 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. Alternatively, Applicants seek the creation of a new pool consisting of said Section 4 with the promulgation of special pool rules for the production of gas from the Devonian formation including provisions for 640-acre gas spacing and proration units and designated well location requirements. Applicants also seek the concurrent expansion of 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 Section 4 to form a 640-acre gas 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 has commenced operations 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. EGL expects to have production information from the Devonian completion by mid-August.

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. Alternatively, Applicants seek the creation of a new pool consisting of said Section 4 with the promulgation of special pool rules for the production of gas from the Devonian formation including provisions for 640-acre gas spacing and proration units and designated well location requirements.

6. Applicants also seek the expansion of the 320-acre unit created by Order No. R-11962 to include the S/2 of said Section 4 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 or a newly created pool for Section 4.

7. The Division has consistently found that Devonian formation wells in the vicinity are capable of draining areas in excess of the standard 320 acre units assigned to deep formation gas wells under the Division's statewide rules. For all Devonian reservoirs of similar depth in southeast Lea County for which special pool rules have been established, 640-acre spacing is the standard.

8. The application of the special pool rules and regulations for the North Bell Lake-Devonian Gas Pool to Section 4, or alternatively, the promulgation of special pool rules for a newly created pool 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.

9. EGL further requests the expansion of the gas spacing and proration unit, the extension of the special pool rules and regulations for the North Bell Lake Devonian Gas Pool to

Sections 4 and 5, or alternatively, the special pool rules for a newly created pool be made effective as of May 13, 2003, the date of the entry of Order No. R-11962.

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

11. 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.

12. 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 request this Amended Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 21, 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