

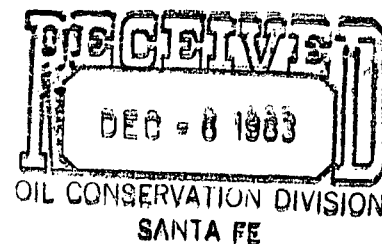
Case No. 8030

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

December 2, 1983



District Manager
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87107

Attn: Mr. Paul Applegate

Re: Samuel Gary Oil Producers, Inc.

Dear Mr. Applegate:

On November 22, 1983, on behalf of Samuel Gary Oil Producers, Inc., we filed an application with the New Mexico Oil Conservation Division for the creation of a new Mancos Oil Pool spaced on 320 acre spacing and proration units. A copy of that application is enclosed.

This has been docketed for hearing by the Division on December 15, 1983.

Subsequent to filing the application, we have been informed that Champlin Petroleum Company has filed with you an application for permit to drill a mancos well that shows a 40-acre spacing and proration unit consisting of the SE/4SW/4 of Section 11, T20N, R3W, Sandoval County, New Mexico.

Your approval of the Champlin permit will result in the creation of a spacing unit that is inconsistent with the application we have filed for hearing with the Oil Conservation Division.

We urge you not to approve the Champlin permit until after the Oil Conservation Division has entered an order establishing the spacing for this pool.

KELLAHIN AND KELLAHIN

Bureau of Land Management
December 2, 1983
Page 2

If, inspite of the foregoing, you intend to approve the Champlin permit, please advise us immediately so that we can take the appropriate legal action necessary to protect the correlative rights of our client.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN
W. Thomas Kellāhin

WTK:ca

Enc.

cc: ✓ Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico
Attn: Mr. Joe D. Ramey

Oil Conservation Division
District Office
1000 Rio Brazos Road
Aztec, New Mexico 87410
Attn: Mr. Frank T. Chavez

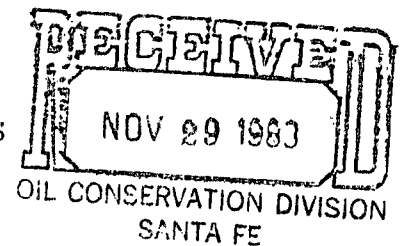
Samuel Gary Oil Producers, Inc.
c/o Fred Haddenhorst
P. O. Box 5351
Englewood, Colorado 80155

Champlin Petroleum Company
P. O. Box 1257
Englewood, Colorado 80150
Attn: Mr. William Keefe

Bureau of Land Management
Resources Area
Petroleum Plaza, 30th Street
Farmington, New Mexico 87401
Attn: Mr. Matt Millenbach

Bureau of Land Management
Resources Area
Petroleum Plaza
30th Street
Farmington, New Mexico 87401
Attn: Mr. John Keller

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF SAMUEL GARY OIL PRODUCERS, INC.
FOR CREATION OF A NEW OIL POOL,
AND FOR THE ADOPTION OF SPECIAL
POOL RULES, INCLUDING 320 ACRE
SPACING, SPECIAL GOR RATIOS,
WELL LOCATIONS, SANDOVAL COUNTY
AND MCKINLEY COUNTY, NEW MEXICO.

Case: _____

A P P L I C A T I O N

COMES NOW, SAMUEL GARY OIL PRODUCERS, INC., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for the creation of a new Mancos Oil Pool in McKinley and Sandoval Counties, New Mexico, and in support thereof would show:

1. Applicant is an operator and major working interest owner in certain lands in McKinley and Sandoval Counties, New Mexico, for which applicant proposes the creation of a new Mancos Oil Pool.

2. Applicant requests the establishment of a new oil pool, the vertical limits of which would include the Mancos Formation, and whose horizontal limits would be:

Township 20 North, Range 2 West, NMPM
Sections 6, 7, 8,: All

Township 20 North, Range 3 West, NMPM
Sections 1, 2, 3, 4, 9: All
Sections 10 through 16: All

3. Applicant proposes the promulgation of Special Rules and Regulations for said pool, including:

(1) That the established well locations to be in the Southeast and Northwest Quarter of each section with the well located in the center of any one of the 40 acre tracts in the quarter section, with a tolerance allowance of 100' from the center of the quarter quarter section selected for the location.

(2) That only one well be allowed per 320 acre tract.

(3) That the 320 acre tracts be either "stand up" or "lay down" for pooling purposes, with the operator who first commits to drill in a section establishing the pooling pattern for that section.

(4) That oil wells drilled on the proposed 320 acre spacing be granted an allowable of 320 BOPD and 160 MCF/D. (GOR of 500, or 150% of the solution gas oil ratio of the reservoir crude oil, based upon actual measurements from bottom hole samples of the reservoir fluid.)

In the event that the producing GOR exceeds the known solution GOR by more than 50%, the produced gas from such a well will not exceed 100 MCFD.

(5) That if a productive well encounters gas

bearing strata only, the well will be tested and then shut in until the operator can establish to the Division's satisfaction that producing said well will not jeopardize oil recovery from said pool:

WHEREFORE, APPLICANT requests that this matter be set for hearing and that after notice and hearing, the application be approved.

Kellahin & Kellahin

Original signed by
W. THOMAS KELLAHIN

By _____
W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87501

(505) 982-4285