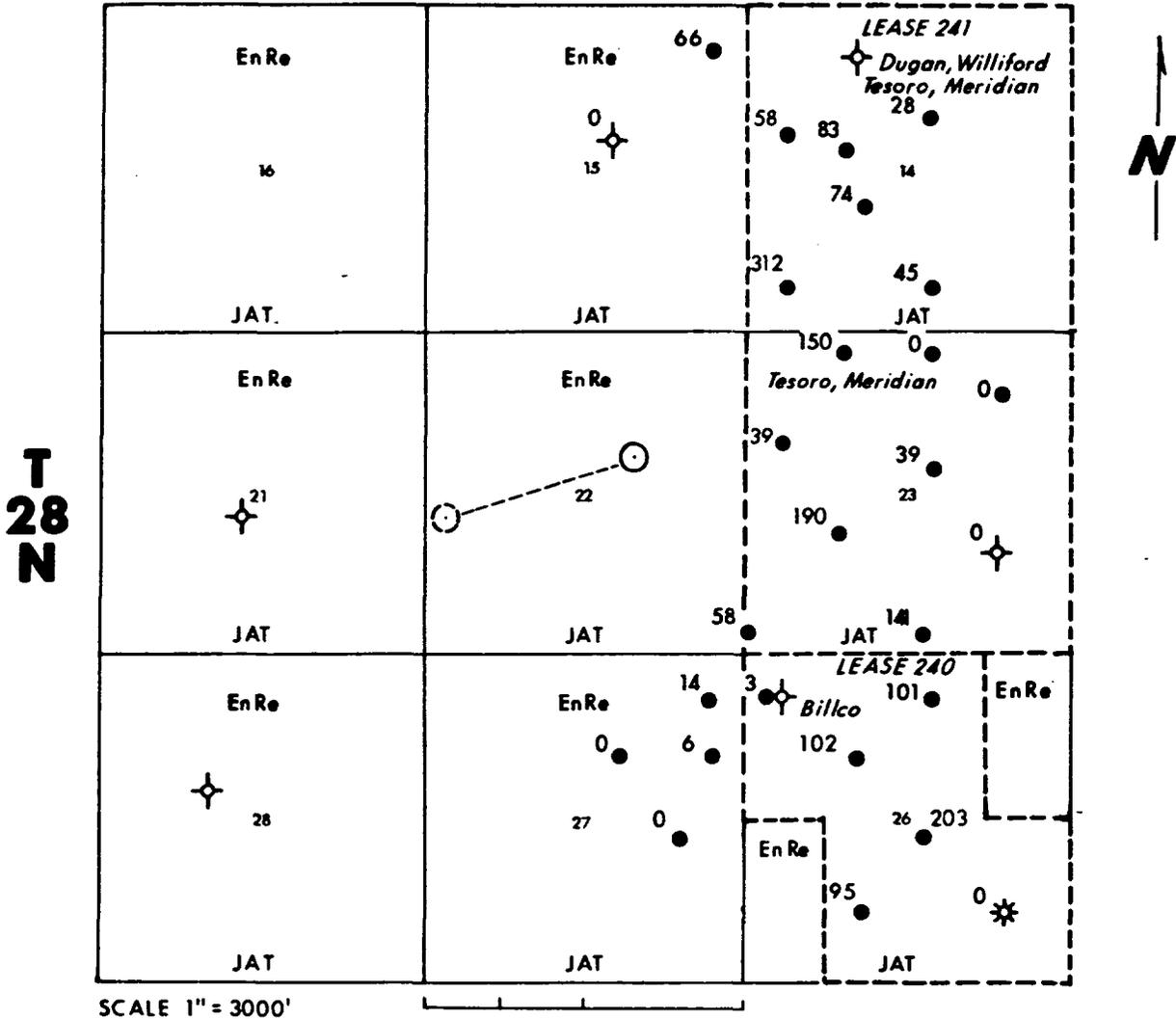


Exhibits 1 through 6  
Complete Set

**RIW**



**En Re CORPORATION**

LAND OWNERSHIP PLAT  
EnRe CORPORATION, CEDAR CANYON - 22 G  
RIO ARRIBA CO., NEW MEXICO

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

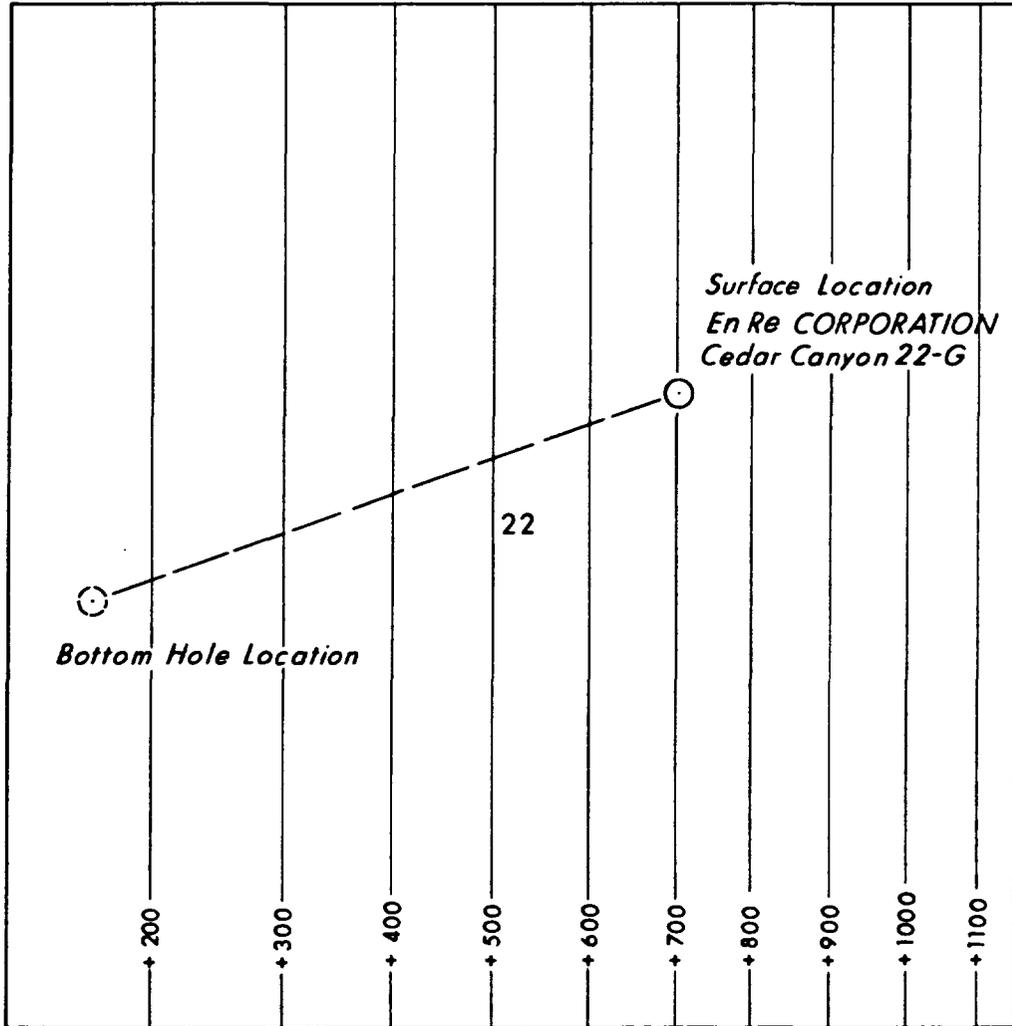
Case No. 11050 Exhibit No. 1

Submitted by: EnRe Corporation

Hearing Date: August 18, 1994

LEGEND	
JAT	- Jicarilla Apache Tribe
EnRe	- Lease Holder Name
---	- Non EnRe Leases
○	- Proposed Location
14●	- Cum Oil Production (MBO)

**R1W**



SCALE 1" = 1000'

C. I. = 100'

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 11050 Exhibit No. 2

Submitted by: EnRe Corporation

Hearing Date: August 18, 1994

**EnRe CORPORATION**

**STRUCTURE MAP (TOP MANCOS "A")  
HORIZONTAL WELL BORE LOCATION**

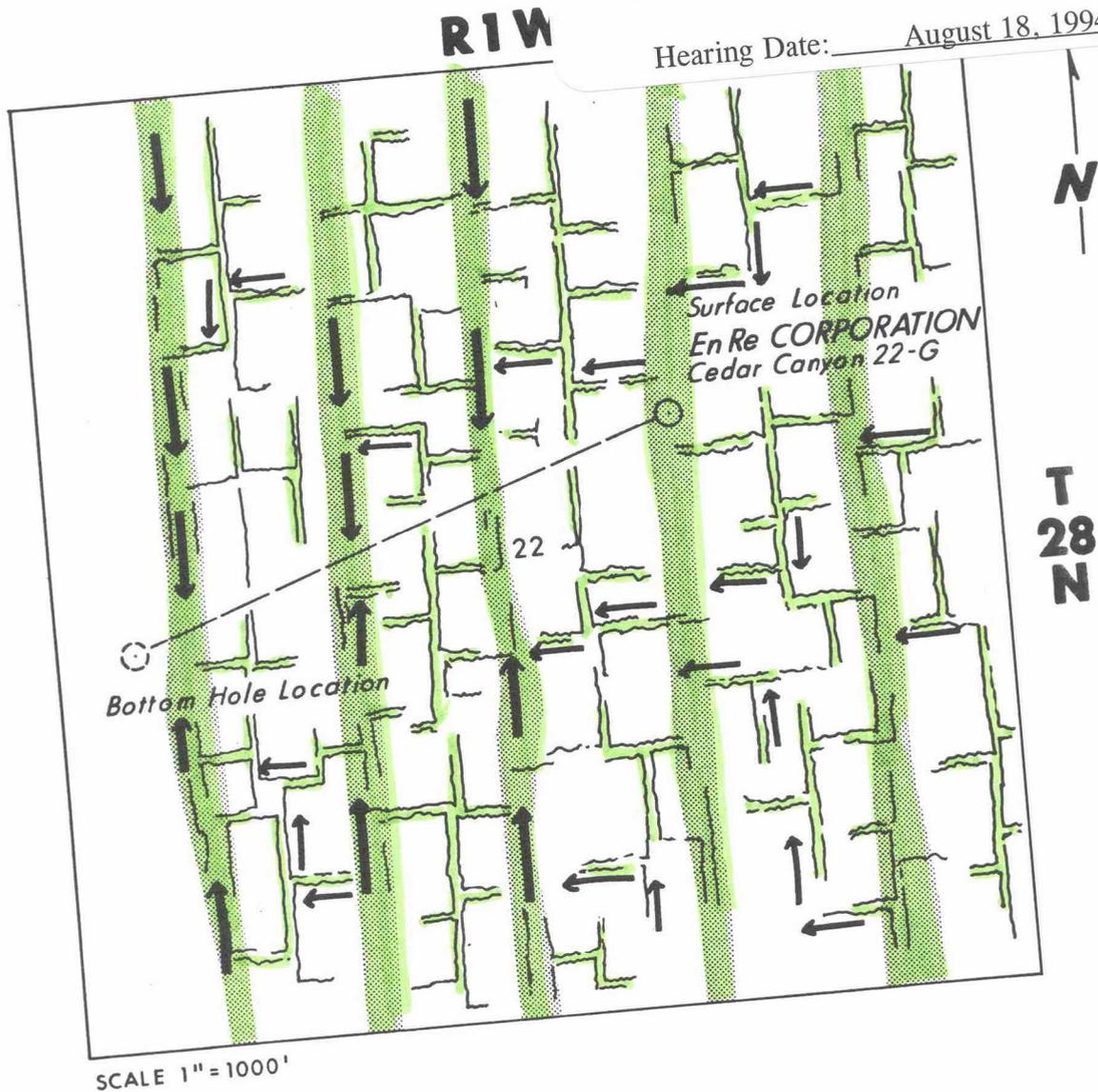
**EnRe CORPORATION, CEDAR CANYON - 22 G  
SEC. 22, T 28 N - R 1 W  
RIO ARRIBA CO., NEW MEXICO**

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 11050 Exhibit No. 3

Submitted by: EnRe Corporation

Hearing Date: August 18, 1994



**EnRe CORPORATION**

FRACTURE SYSTEM MODEL

EnRe CORPORATION, CEDAR CANYON - 22  
SEC. 22, T 28 N - R1W  
RIO ARRIBA CO., NEW MEXICO

- Major N-S Fracture "Zones"
- Minor Fractures - Gravity Drainage
- Hi Perm oil flow
- Low Perm

LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

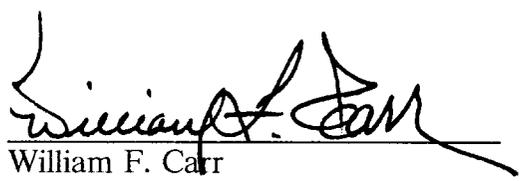
IN THE MATTER OF THE APPLICATION  
OF ENRE CORPORATION FOR A HIGH ANGLE/  
HORIZONTAL DIRECTIONAL DRILLING  
PILOT PROJECT AND FOR THE  
PROMULGATION OF SUCH SPECIAL  
OPERATING RULES THEREFOR,  
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 11050

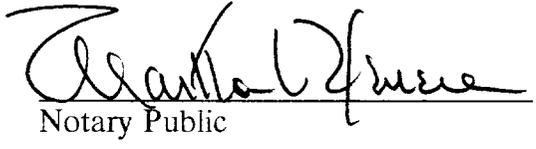
AFFIDAVIT

STATE OF NEW MEXICO     )  
  ) ss.  
COUNTY OF SANTA FE     )

William F. Carr, attorney in fact and authorized representative of EnRe Corporation, the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.

  
William F. Carr

SUBSCRIBED AND SWORN to before me this 17th day of August, 1994.

  
Notary Public

My Commission Expires:  
August 19, 1995

**EXHIBIT A**

BILLCO Energy  
Box 2058  
Farmington, NM 87499

Jicarilla Apache Tribe  
Post Office Box 507  
Dulce, NM 87528  
Attn: Thurman Velarde  
Oil & Gas Administrator

Apache - Jicarilla Agency  
Bureau of Indian Affairs  
Post Office Box 167  
Dulce, NM 87528

Dugan Production Corp.  
Box 420  
Farmington, NM 87499

Williford Oil Company  
1323 E. 71st Street, Suite 323  
Tulsa, OK 74136

Meridian Oil Inc.  
Post Office Box 4289  
Farmington, NM 87499-4289

Tesoro Petroleum  
Post Office Box 17536  
San Antonio, TX 78217

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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

BILLCO Energy  
Box 2058  
Farmington, NM 87499

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

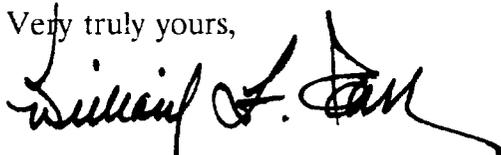
Gentlemen:

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Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure

P 111 332 885  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided  
**BILLCO Energy**  
 Box 2058  
 Farmington, NM 87499

Postage	\$ 1.29
Insurance	1.00
Postage and Fees	
Restricted Delivery fee	
Return Receipt (including Postage and Fees) - Delivery	1.00
Return Receipt (including Postage and Fees) - Return to Address	
TOTAL Postage & Fees	\$ 2.29
Postmark or Date	JUL 28 1994

PS Form 3800, June 1991

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.**  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 BILLCO Energy  
 Box 2058  
 Farmington, NM 87499

4. Article Number  
 P 111 332 885

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and **POST OFFICE ONLY** if required for delivery.

5. Signature - Address  
 X *Madeline Dille*

6. Signature - Agent  
 X

7. Date of Delivery  
 X

8. Address (Postage paid for return)  
 FARMINGTON, NM 87401  
 11 1994  
 USPS

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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

Jicarilla Apache Tribe  
Post Office Box 507  
Dulce, NM 87528  
Attn: Thurman Velarde  
Oil & Gas Administrator

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

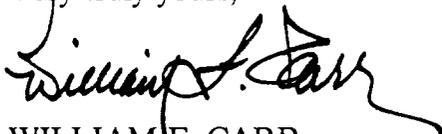
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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure



P 111 332 886

### Receipt for Certified Mail

No Insurance Coverage Provided

Jicarilla Apache Tribe  
Post Office Box 507  
Dulce, New Mexico 87528  
Attn: Thurman Velarde  
Oil & Gas Administrator

Postage	\$ 1.29
Registered Fee	1.00
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom (Date and Addressee's Address)	
TOTAL Postage & Fees	\$ 2.29
Postmark or Date	JUL 20 1994

PS Form 3800, June 1991

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

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Jicarilla Apache Tribe  
Post Office Box 507  
Dulce, New Mexico 87528  
Attn: Thurman Velarde  
Oil & Gas Administrator

4. Article Number: **P 111 332 886**

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise  
 Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
X

6. Signature - Agent  
X

7. Date of Delivery  
8/1

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

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JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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

Apache - Jicarilla Agency  
Bureau of Indian Affairs  
Post Office Box 167  
Dulce, NM 87528

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

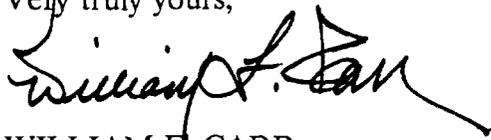
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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure

P 111 332 887



**Receipt for Certified Mail**

No Insurance Coverage Provided

Apache - Jicarilla Agency  
Bureau of Indian Affairs  
Post Office Box 167  
Dulce, NM 87528

Postage	\$ 1.29
Certified Fee	1.00
Special Delivery Fee	
Registered Delivery Fee	
Return Receipt (with or without Address Label) Fee	1.00
Return Receipt (without Address Label) Fee	
TOTAL Postage & Fees	\$ 2.29
Postmark Date	JUL 28 1994

PS Form 3800, June 1991

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1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
Apache - Jicarilla Agency  
Bureau of Indian Affairs  
Post Office Box 167  
Dulce, NM 87528

4. Article Number  
P111 332 887

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
X

6. Signature - Agent  
X *H. K. ...*

7. Date of Delivery  
*8/1*

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

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& SHERIDAN, P.A.  
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TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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

Dugan Production Corp.  
Box 420  
Farmington, NM 87499

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

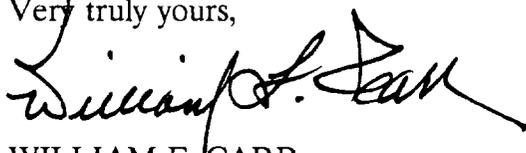
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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure



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& SHERIDAN, P.A.  
LAWYERS

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BRADFORD C. BERGE  
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JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Meridian Oil Inc.  
Post Office Box 4289  
Farmington, NM 87499-4289

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

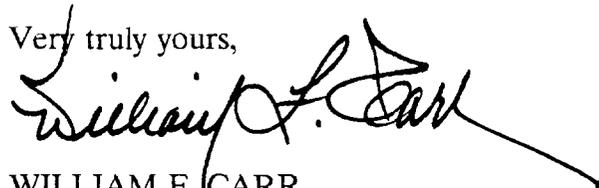
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WILLIAM F. CARR  
ATTORNEY FOR ENRE CORPORATION  
WFC:mlh  
Enclosure



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& SHERIDAN, P.A.  
LAWYERS

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OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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

Williford Oil Company  
1323 E. 71st Street, Suite 323  
Tulsa, OK 74136

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

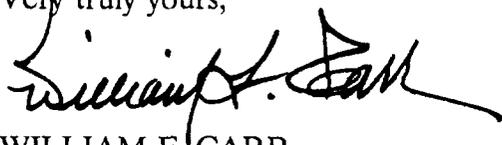
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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure



Meridian Oil Inc.  
 Post Office Box 4289  
 Farmington, NM 87499-4289

Postage	\$ 1.29
Custom Fee	1.00
Special Services Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 2.29
Postmark or Date	JUL 28 1994

PS Form 3800, June 1991

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3. Article Addressed to:  
 Meridian Oil Inc.  
 Post Office Box 4289  
 Farmington, NM 87499-4289

4. Article Number  
 P 111 332 890

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
*[Signature]*

6. Signature - Agent  
 X

7. Date of Delivery  
 8-1-94

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
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JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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

Tesoro Petroleum  
Post Office Box 17536  
San Antonio, TX 78217

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

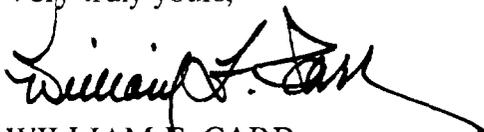
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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure

P 111 332 891



### Receipt for Certified Mail

No Insurance Coverage Provided

Tesoro Petroleum  
Post Office Box 17536  
San Antonio, TX 78217

Postage	\$ 2.29
Registered Mail	1.00
Registered Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
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 X *Frank R. King*

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TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 28, 1994

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Wayne H. Bladh, Esq.  
Nordhaus, Haltom, Taylor,  
Taradash & Frye  
200 W. DeVargas Street, Suite 9  
Santa Fe, New Mexico 87501

Re: Amended Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

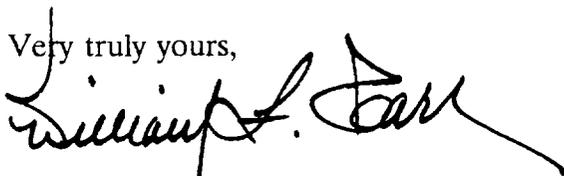
Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on August 18, 1994. You are not required to attend the hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR ENRE CORPORATION  
WFC:mlh  
Enclosure



Wayne H. Bladh, Esq.  
 Nordhaus, Haltom, Taylor,  
 Taradash & Frye  
 200 W. DeVargas Street, Suite 9  
 Santa Fe, New Mexico 87501

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3. Article Addressed to:  
 Wayne H. Bladh, Esq.  
 Nordhaus, Haltom, Taylor,  
 Taradash & Frye  
 200 W. DeVargas Street, Suite 9  
 Santa Fe, New Mexico 87501

4. Article Number  
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SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 26, 1994

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

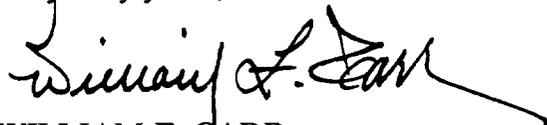
26 1994

Re: Case No. 11050:  
Second Amended Application of EnRe Corporation for a Horizontal  
Directional Drilling Pilot Project Area and Special Operating Rules Therefor,  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Amended Application of EnRe Corporation in the above-referenced case as well as a copy of a legal advertisement. EnRe Corporation respectfully requests that the hearing in this matter scheduled for August 4, 1994 be continued and the case be readvertised and placed on the docket for the August 18, 1994 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh  
Enclosures

cc: Mr. Jeff Kirn (w/enclosures)  
EnRe Corporation

BEFORE THE

26 1994

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE SECOND AMENDED  
APPLICATION OF ENRE CORPORATION FOR A  
HORIZONTAL DIRECTIONAL DRILLING  
PILOT PROJECT AREA AND  
SPECIAL OPERATING RULES THEREFOR,  
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 11050

**SECOND AMENDED APPLICATION**

ENRE CORPORATION ("EnRe"), through its undersigned attorneys, hereby makes application for a horizontal directional drilling pilot project area and special operating rules therefor and in support thereof states:

1. EnRe is the operator of the Mancos formation, Boulder-Mancos Oil Pool, underlying the eight 80-acre spacing units in Section 22, Township 28 North, Range 1 West, N.M.P.M., Rio Arriba County, New Mexico, hereinafter referred to as the "Project Area."

2. Within the Project Area, EnRe seeks authority to:

- (a) horizontally drill its Cedar Canyon 22 G Well No. 1 from a surface location 1650 feet from the North line and 2020 feet from the East line (Unit B) of Section 22, Township 28 North, Range 1 West, in a southwesterly direction;
- (b) traverse quarter and quarter-quarter section lines within the Project Area by its proposed horizontal wellbore;
- (c) drill the proposed horizontal wellbore to within 330 feet of the outer boundary of the Project Area; and

(d) receive a project allowable based upon the number of 80-acre proration units within the Project Area which are developed by the horizontal wellbore.

3. EnRe also seeks the promulgation of special operating rules and procedures within the Project Area including provisions for the formation of a non-standard or irregular sized spacing unit, and the assignment of special oil allowables.

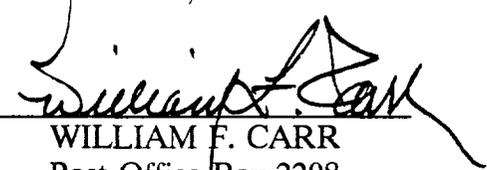
4. Horizontally drilling within the Project Area should result in the recovery of significant volumes of oil and gas will not otherwise be recovered, thereby preventing waste.

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

WHEREFORE, EnRe Corporation requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 18, 1994, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR ENRE CORPORATION

CASE 11050:

Application of EnRe Corporation for a horizontal directional drilling project, a special project allowable, and special operating rules therefor, Rio Arriba County, New Mexico. Applicant in the above-styled cause, seeks authority to institute a horizontal directional drilling project in the Mancos formation, Boulder-Mancos Oil Pool, underlying a project area comprised of all of Section 22, Township 28 North, Range 1 West. Applicant proposes to drill its Cedar Canyon 22 G Well No. 1 from a surface location 1650 feet from the North line and 2020 feet from the East line of Section 22, directionally drill in a southwesterly direction to reach the Mancos formation at a true vertical depth of approximately 6722 feet and then drill horizontally until approximately 2400 feet of lateral distance is attained. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window for the horizontal portion of the wellbore such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet from the outer boundary of the project area, and for special project allowables. Said project area is located approximately 3 miles west of Burford Lake.

26 1991

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL H. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
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PATRICIA A. MATHEWS  
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TELEPHONE (505) 988-4421  
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Date: 7/15/94

TO: Jeff Kirm

FROM: William F. Carr

TELECOPIER NUMBER: 303-296-7537

TOTAL PAGES (including this cover sheet): 9

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OPERATOR: Martha CLIENT/MATTER #: 492

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NORDHAUS HALTOM TAYLOR  
TARADASH & FRYE

ATTORNEYS AT LAW

ALBUQUERQUE OFFICE  
SUITE 1050  
500 MARQUETTE AVENUE, N.W.  
ALBUQUERQUE, NEW MEXICO 87102

TELEPHONE (505) 243-4275  
TELEFAX (505) 243-4464

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CAMPBELL, CARR, et al.

B. REID HALTOM  
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ALAN R. TARADASH  
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WAYNE H. BLADH  
LEE BERGEN  
TERESA LEGER DE FERNANDEZ

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TELEPHONE (505) 982-3622  
TELEFAX (505) 982-1827

LISA M. ENFIELD, OF COUNSEL

\*ADMITTED ONLY IN MICHIGAN

*Reply to Santa Fe Office*

July 13, 1994

William F. Carr, Esq.  
Campbell, Carr, Berge & Sheridan  
Post Office Box 2208  
Santa Fe, NM 87504

**Re: EnRe Corporation/Jicarilla Apache Tribe**

Dear Mr. Carr:

On July 13, I spoke with Mitch Michelson of EnRe Corporation concerning certain proceedings before the New Mexico Oil Conservation Division arising from proposed drilling on the Jicarilla Apache Reservation. Mr. Michelson indicated that the OCD is attempting to set spacing in the Cedar Canyon area under state spacing rules for the Boulder Field, rather than the rules for the West Puerto Chiquito Mancos Field. Mr. Michelson indicated that the 80-acre spacing set by the state for the Boulder Field and the resulting production allowables for Mancos wells could interfere with development of this area on the terms negotiated with the Jicarilla Apache Tribe.

Enclosed for your information is a copy of a draft memorandum under consideration by the Director of the Bureau of Land Management. The memorandum discusses BLM's responsibility, exclusive of any state regulatory authority, for establishing spacing on Indian lands. The enclosed draft memorandum accurately reflects the applicable federal statutes and regulations, as well as the policy positions taken by the new director of the New Mexico state office of BLM and the new deputy director of BLM in Washington. In addition, the Jicarilla Apache Tribe is actively working with the BLM to implement joint tribal/BLM regulation of well spacing within the Reservation, exclusive of any role for the OCD.

If EnRe Corporation is not successful in obtaining OCD approval of well spacing and production allowables for the Cedar Canyon area which are consistent with the minerals development agreements with the Jicarilla Apache Tribe, then it may be appropriate for the Tribe and the BLM to take immediate actions to stop state regulation of spacing within the Reservation. The Tribe has assembled a considerable body of

NORDHAUS HALTOM TAYLOR  
TARADASH & FRYE

ATTORNEYS AT LAW

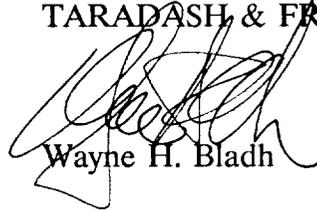
William F. Carr, Esq.  
July 13, 1994  
Page 2

technical material on the Mancos Field in the areas to be developed by EnRe Corporation, and fully supports the 640 acre spacing requested by EnRe Corporation. Any efforts by the State of New Mexico to impose conflicting spacing requirements could provide an ideal context for challenging state regulatory authority.

I would appreciate your keeping me informed of the OCD position concerning spacing and production allowables in this area. If you have any questions concerning the enclosed material or concerning the position of the Jicarilla Apache Tribe on appropriate spacing in this area, please give me a call.

Sincerely,

NORDHAUS, HALTOM, TAYLOR,  
TARADASH & FRYE



Wayne H. Bladh

WHB/ju  
Enclosure  
cc: Mr. Thurman Velarde

## DRAFT

Instruction Memorandum No. 94-  
Expires 09/30/95

To: All State Directors

From: Director

Subject: Well Spacing on Indian Oil and Gas Lands

ISSUE:

The Bureau of Land Management (BLM) has responsibility for establishing spacing on Indian Lands. In the past, it has been common practice to accept spacing established by State Commissions. Conformance to state spacing is authorized by regulation. However, a United States District Court judgement in Montana made it quite clear that the State of Montana had no jurisdiction over oil and gas held in trust for Indians. The decision further stated that any application regarding well spacing and well location on trust land must be submitted to, and approved by, the Department of the Interior.

That decision, and increasing tribal concerns relating to the spacing of Indian lands by State Boards/Commissions, has led to the need for BLM to supplement existing policy concerning the spacing of Indian lands.

OBJECTIVE:

The purpose of this policy is to ensure that the Department of the Interior, through the Bureau of Land Management, is meeting its trust responsibility relating to spacing of Indian oil and gas trust resources. Each State Office shall develop procedures to establish spacing for Indian trust lands under their jurisdiction.

BACKGROUND AND POLICY:

The BLM has responsibility for establishing spacing on both Federal and Indian lands. Authority for this is found at 43 CFR 3162.3-1(a), which states that wells must be drilled in conformity with an acceptable well spacing program. It further states that an acceptable well spacing program may be either (1) one which conforms with a spacing order or field rule issued by a State Commission or Board and accepted by the authorized officer, or (2) one which is located on a

lease committed to a communitization or unitized tract at a location approved by the authorized officer, or (3) any other program established by the authorized officer.

Under this regulation, the Bureau has historically accepted state spacing for both Federal and Indian lands. The acceptance has in most cases been automatic, without independent review or documentation by the BLM.

This position was challenged in 1987, in Assiniboine-Sioux Tribe (Tribe) v. the Board of Oil and Gas Conservation of the State of Montana (Board), which resulted in a ruling by the United States District Court of Great Falls that the State of Montana has no jurisdiction over oil and gas held in trust by the United States for the Tribe.

It has become clear that BLM can no longer automatically accept spacing established by State Boards or Commissions. It is BLM policy that each State Office with Indian oil and gas lands under its jurisdiction have a program for spacing Indian trust lands which involves, at a minimum, independent review and approval of all state spacing rules/orders affecting Indian lands.

#### IMPLEMENTATION AND SCHEDULE:

There are several options for State Offices to consider in establishing a spacing program for Indian trust lands. See Attachment 1 - Guidance for Establishing a Well Spacing Program on Indian Lands, for more information.

By (date) each State Office with Indian trust lands under its jurisdiction must submit a plan for establishing spacing on trust lands. Plans must address, at a minimum, each appropriate element identified in Attachment 1, and should be submitted to the Native American Minerals Policy Office (NAMPO), NM-911. The NAMPO will coordinate with the Washington Office, Division of Fluid Minerals, for Washington Office approval. Upon approval, states will have one year to initiate the approved spacing policy.

Both the Colorado and Montana State Offices have Memoranda of Understanding (MOU) with the appropriate State Board/Commission, detailing procedures for spacing Indian lands; therefore, they are not required to submit a plan. However, it is recommended that, when Colorado and Montana update their MOU's, they make appropriate changes to comply with this Instruction Memorandum at that time.

Any plan proposed for Oklahoma must provide for compliance with Section 11 of the Stigler Act where restricted lands of the Five Civilized Tribes of Oklahoma are involved.

COORDINATION:

Recently, BLM has increased its outreach efforts to its Indian customers and recognizes the need to solicit their input concerning matters which directly affect the trust resource. State Offices should consult with affected tribes or the BIA, for allotted lands, in making the decision concerning establishing spacing for tribal and allotted lands.

Extensive planning may be required to coordinate and establish a final agreement or procedures. If an MOU with a State Board/Commission is involved, in addition to coordination with representatives of the Board, BLM personnel working on the MOU must coordinate with the BLM MOU Coordinator, and with the Records Administrator, in the event that any exchange of data is proposed.

Once draft MOU's or other procedures are developed, State Offices must coordinate with the NAMPO for review. The NAMPO will coordinate with Washington Office, Division of Fluid Minerals, and with the Solicitor's Office.

BUDGET IMPLICATIONS:

Budget implications will vary depending upon the method each State Office chooses to implement the guidance found in this Instruction Memorandum. Costs may include such items as the cost to develop and maintain an administrative record. Although most of the required information (pleadings, maps, papers, documents, etc.) can be obtained at no cost to the Government, proceedings or a transcript of the testimony generally cost \$1.00 per page). If a state does not use the Board/Commission notification of hearings and decision process, there will be additional costs associated with notifying Tribes, BIA, the Board/Commission, adjacent landowners, affected parties, etc., of the hearing and continuances, withdrawals, and decisions.

CONTACT PERSON:

If there are any questions concerning this Instruction Memorandum, please contact Susan Stephens , NAMPO, NM-911, at (505) 438-7553.

2 Attachments:

- 1 - Guidance for Establishing a Well Spacing Program for Indian Lands
- 2 - Format for Memorandum of Understanding Between BLM and State Board/Commission

cc: NM911, NAMPO  
NM911, SStephens others

GUIDANCE FOR ESTABLISHING  
A WELL SPACING PROGRAM FOR INDIAN LANDS

State Offices can establish spacing for Indian lands in one of the following ways:

1. The BLM can participate in State Board/Commission hearings and, after an independent review, BLM would either approve or protest state established spacing.
2. The BLM can enter into an MOU with a State Board/Commission to use State procedures but BLM, not the State, would actually hear testimony and approve spacing.
3. The BLM can establish its own hearing process, totally independent of the State Board/Commission.
4. A State Office may propose a plan other than the options listed above. For example, if a tribe has its own oil and gas commission, BLM may enter into an MOU or other arrangement with the tribe for the purpose of establishing spacing on tribal lands.

In states with multiple tribes, or with both tribal and allotted lands under their jurisdiction, consultation with tribes and/or BIA may result in different programs for different tribes or for allotted lands.

Elements of a Spacing Program For Indian Lands

Each State Office plan should address the following elements, as appropriate, and specify responsibilities for BLM, the Board/Commission, or the Tribe:

Establish Spacing/Well Locations - Either BLM establishes spacing or, after independent review, approves a decision of the Board/Commission. The BLM must concur or protest a decision of the State Board/Commission. When protesting a decision, BLM must do so in writing or be on record at the public hearing.

Receive Applications - Board/Commission or BLM.

Notification - Either Board/Commission or BLM. If Board/Commission procedures are used for notification, it must notify BLM by sending the docket to the BLM State Office. If BLM is responsible, BLM must notify interested parties of their opportunity for input.

Notification of Tribe/BIA - The BLM is responsible for notifying the Tribe or BIA of all proposed spacing actions involving tribal or allotted lands.

Notification of Affected Parties - Either the Board/Commission or BLM is responsible for notification of affected parties prior to the hearing and after decision.

Review Docket - If the Board/Commission is establishing spacing, the appropriate BLM office should review all dockets for impact to Indian lands.

Hearing - Board/Commission or BLM. If the state is holding the hearing and BLM is protesting a proposed order impacting Indian trust resources, BLM must attend the hearing. If BLM is establishing spacing it is not necessary to hold a public hearing, but BLM must have notified interested parties and provide the opportunity for their input.

Existing Decisions of the Board/Commission - Include a statement that describes agreement reached by BLM and the Board/Commission with respect to existing decisions of the Board/Commission prior to the effective date of the agreement.

Regulations - Include a statement identifying how setback requirements and default spacing will be determined. At this time BLM does not have regulations governing default spacing.

Availability of Data - The BLM should review data ahead of time for all applications involving Indian lands. Data may be obtained from the operator.

Access to Records - Each agency will provide public access in accordance with its own rules.

Information Sharing - Each agency should provide to the other courtesy copies of all regulation changes and Instruction Memorandum's that deal with common or pertinent issues.

Present Testimony - If the Board/Commission is holding a hearing, BLM must have the opportunity to present testimony.

Accepting State Decision - It is recommended that, for Indian lands, the BLM establish spacing/well locations. However, if the state is establishing spacing, BLM must approve the decision of the Board and document the approval in the record.

Protest State Decision - If BLM protests the proposed field spacing or well location, BLM must either notify the Board/Commission in writing (x) days before the hearing or protest at the meeting.

Final Authority - The BLM has jurisdiction for spacing/well locations on Indian lands and has final authority for establishing spacing.

Publish Decision - If the Board is establishing spacing, BLM should request a written decision of the Board within 3 months of the hearing. If Indian lands are involved, BLM or the Board/Commission must notify the Tribe or BIA of the decision. If BLM is establishing spacing it must notify the Tribe, BIA and affected parties of its decision.

Pre-Hearing Meeting - Where Indian lands are involved the tribe or BIA, if allottees are involved, should have the opportunity for a pre-hearing meeting or other means for BLM to solicit their input.

Administrative Record - All pleadings, etc., that are used as a basis for a decision should be kept by either the BLM or the state. If there is a protest, BLM should keep records, as appropriate, to support its decision.

Confidentiality - The Board/Commission and BLM shall each follow their own regulations, manuals and applicable laws relating to proprietary and confidential data.

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
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TELECOPIER: (505) 983-6043

July 13, 1994

Mr. Jeff Kirn  
EnRe Corporation  
c/o Discovery Exploration Inc.  
621 17th Street, Suite 1535  
Denver, CO 80293

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot  
Project and Special Operating Rules, Rio Arriba County, New Mexico

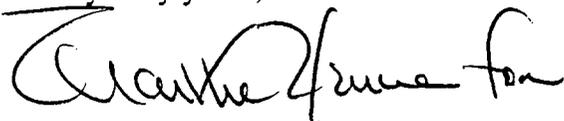
Dear Jeff:

Enclosed for your files are copies of the Notice letters we mailed in the above-referenced case and an Outline of Testimony for the August 4, 1994 hearing.

Please treat this outline as only a general starting point in preparing your case. It would be helpful if I could review the exhibits you propose to offer prior to the hearing date.

If you have questions concerning the enclosed, please advise.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh  
Enclosures

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

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July 13, 1994

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BILLCO Energy  
Box 2058  
Farmington, NM 87499

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on August 4, 1994. You are not required to attend the hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure



P 111 332 874

Receipt for Certified Mail

No Insurance Coverage Provided

BILLCO Energy  
Box 2058  
Farmington, NM 87499

Postage	\$ 1.29
Postage Insurance	1.00
Postage Insurance Fee	
Postage Insurance Showing to Whom Date of Delivery Desired	1.00
Return Receipt Showing to Whom Date of Addressee's Address	
TOTAL Postage & Fees	\$ 2.29
Postmark on Date	July 13, 1994

PS Form 3800, June 1991

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:

BILLCO Energy  
Box 2058  
Farmington, NM 87499

4. Article Number  
P 111 332 874

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DELIVERED**.

5. Signature — Address  
X

6. Signature Agent  
X

7. Date of Delivery  
X

8. Address (ONLY if fee paid) requested  
FARMINGTON NM 87499 CSP

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 13, 1994

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

Jicarilla Apache Tribe  
Post Office Box 507  
Dulce, NM 87528  
Attn: Thurman Velarde  
Oil & Gas Administrator

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Dear Mr. Velarde:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on August 4, 1994. You are not required to attend the hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure



CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
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DAVID B. LAWRENZ  
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JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 13, 1994

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

Apache - Jicarilla Agency  
Bureau of Indian Affairs  
Post Office Box 167  
Dulce, NM 87528

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR ENRE CORPORATION  
WFC:mlh  
Enclosure



CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 13, 1994

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

Dugan Production Corp.  
Box 420  
Farmington, NM 87499

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on August 4, 1994. You are not required to attend the hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure



Dugan Production Corp.  
 Box 420  
 Farmington, NM 87499

Postage	\$ 1.29
Certified Mail	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Sent to Whom & Date Delivered	1.00
Return Receipt Sent to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 2.29
Postmark or Date	July 13, 1994

PS Form 3800, June 1991

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. **Postmark receipt fee will provide you the name of the person delivered to and the date of delivery.** For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 Dugan Production Corp.  
 Box 420  
 Farmington, NM 87499

4. Article Number  
**P 111 332 878**

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Address  
 X

6. Signature - Agent  
 X *[Signature]*

7. Date of Delivery  
*7-18-94*

8. Addressee's Address (ONLY if requested and fee paid)  
 \_\_\_\_\_

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-885 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 13, 1994

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

Williford Oil Company  
1323 E. 71st Street, Suite 323  
Tulsa, OK 74136

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure

PS Form 3800, June 1991

P 111 332 879



**Receipt for Certified Mail**

No Insurance Coverage Provided

Williford Oil Company  
 1323 E. 71st Street, Suite 323  
 Tulsa, OK 74136

Postage	\$ 1.29
Postage Insurance	1.00
Delivery Point Fee	
Restricted Delivery Fee	
Return Receipt (showing to Whom Sent) and Addressee's Address	1.00
CFMA, Postage & Fees	\$ 2.29
Postmark or Date	July 13, 1994

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 Williford Oil Company  
 1323 E. 71st Street, Suite 323  
 Tulsa, OK 74136

4. Article Number  
**P 111 332 879**

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
 X *[Signature]*  
 Agent

6. Signature Agent  
 X *[Signature]*

7. Date of Delivery  
 7/26/94

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3800, June 1991 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 13, 1994

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

Meridian Oil Inc.  
Post Office Box 4289  
Farmington, NM 87499-4289

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure

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 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:

Meridian Oil Inc.  
 Post Office Box 4289  
 Farmington, NM 87499-4289

4. Article Number  
**P 111332880**

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature -- Address  
 X

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature -- Agent  
 X

7. Date of Delivery  
**7-15-94**

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-965 DOMESTIC RETURN RECEIPT

P 111 332 880



**Receipt for Certified Mail**

No Insurance Coverage Provided

Meridian Oil Inc.  
 Post Office Box 4289  
 Farmington, NM 87499-4289

Postage	\$ .29
Insurance	1.00
Registered Mail Fee	
Registered Mail Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom & Date Delivered	
TOTAL Postage & Fees	\$ 2.29
Postmark or Date	<b>July 13, 1994</b>

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 13, 1994

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

Tesoro Petroleum  
Post Office Box 17536  
San Antonio, TX 78217

Re: Application of EnRe Corporation for a Horizontal Directional Drilling Pilot Project Area and Special Operating Rules therefor, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that EnRe Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to horizontally drill its Cedar Canyon 22 G Well No. 1 in Section 22, Township 28 North, Range 1 West, N.M.P.M., in the Boulder-Mancos Oil Pool.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR EnRe CORPORATION  
WFC:mlh  
Enclosure

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 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:

Tesoro Petroleum  
 Post Office Box 17536  
 San Antonio, TX 78217

4. Article Number  
**P 111 332 881**

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.  
 8. Addressee's Address (ONLY if requested and fee paid)

5. Signature -- Address  
**X**

6. Signature -- Agent  
*[Signature]*

7. Date of Delivery  
**7-15-94**

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P 111 332 881



**Receipt for Certified Mail**

No Insurance Coverage Provided

Tesoro Petroleum  
 Post Office Box 17536  
 San Antonio, TX 78217

Postage	\$ 1.29
Certification	1.00
Special Service Fee	
Restricted Delivery Fee	
Return Receipt (Showing to Whom Delivered)	1.00
Return Receipt (Showing Date and Addressee's Address)	
PS Form 3811 Fee	\$ 2.29
Postmark Date	<b>July 13, 1994</b>

PS Form 3800, June 1991

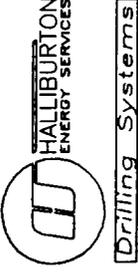
**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11050 Exhibit No. 5

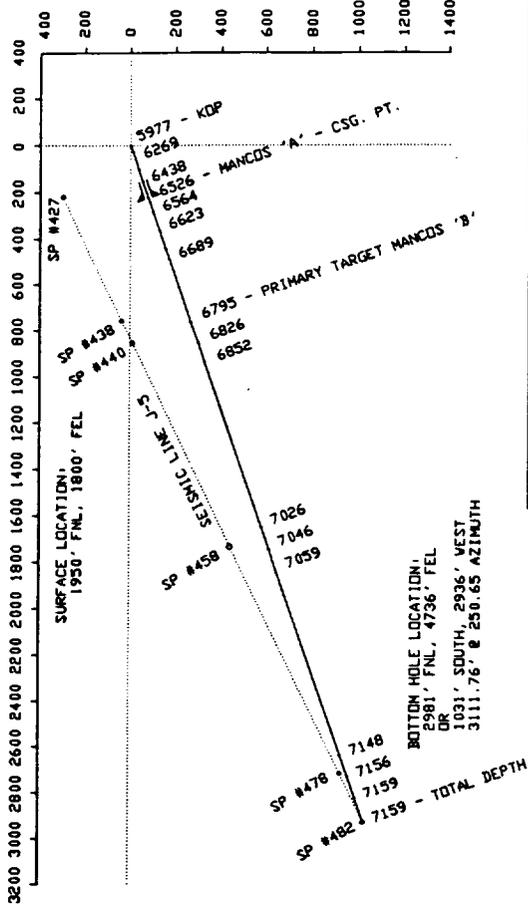
Submitted by: EnRe Corporation

Hearing Date: August 18, 1994

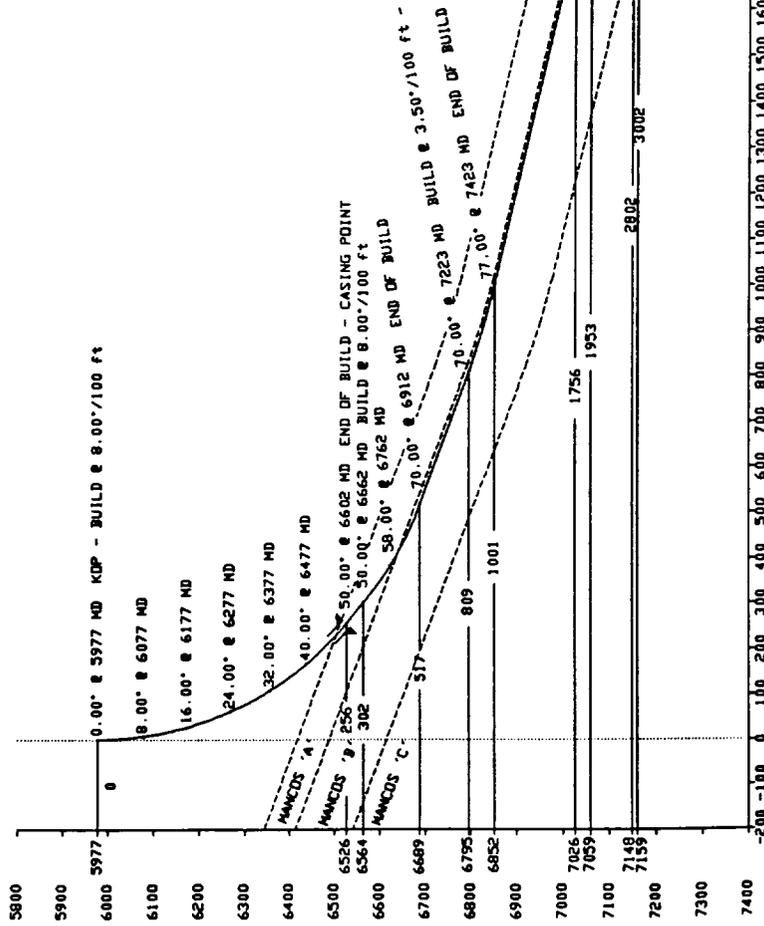
EnRe CORPORATION  
 CEDAR CANYON 22-G  
 SEC 22-T28N-R01W  
 RIO ARRIBA CO., NEW MEXICO



HORIZONTAL VIEW  
 SCALE 200 ft. / DIVISION  
 SURVEY REF: WELLHEAD



VERTICAL VIEW  
 SCALE 100 ft. / DIVISION  
 TVD REF: WELLHEAD  
 VERTICAL SECTION REF: WELLHEAD



CRITICAL POINT DATA						
KOP, BUILD @	MD	Inc	Azi	TVD	N/S	E/W
END OF BUILD	5977	0.00°	250.65°	5977	0	N 0 E
CSG. PT.	6602	50.00°	250.65°	6526	85	S 241 W
END OF BUILD @ 25°/100'	6662	50.00°	250.65°	6564	100	S 285 W
END OF BUILD @ 35°/100'	6912	70.00°	250.65°	6689	171	S 488 W
PRIMARY TARGET MANCDS 'A' BUILD @ 3°/100'	7223	70.00°	250.65°	6795	268	S 763 W
END OF BUILD @ 3°/100'	7423	77.00°	250.65°	6852	332	S 944 W
END OF BUILD @ 3°/100'	8198	77.00°	250.65°	7026	382	S 1657 W
END OF BUILD @ 3°/100'	8398	84.00°	250.65°	7059	647	S 1843 W
END OF BUILD @ 3°/100'	9252	84.00°	250.65°	7148	928	S 2644 W
END OF BUILD @ 3°/100'	9452	90.00°	250.65°	7159	995	S 2832 W
TOTAL DEPTH	9562	90.00°	250.65°	7159	1031	S 2936 W

VERTICAL SECTION PLANE: 250.65

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 11050 Exhibit No. 6

Submitted by: EnRe Corporation

Hearing Date: August 18, 1994