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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 15, 1998

HAND DELIVERED

Ms. Lori Wrotenbery
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

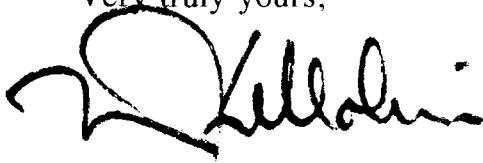
RE: **Sweet Thing Federal Unit Well No. 2**
Application of Stevens & Tull Inc. for
approval of an Unorthodox Gas Well Location
and a Non-Standard Proration Unit,
Eddy County, New Mexico

Dear Ms. Wrotenbery

On behalf of Stevens & Tull, Inc., please find enclosed our application for approval of an unorthodox gas well location for its Sweet Thing Federal Unit Well No. 2 which we would appreciate being set for hearing on July 9, 1998.

Also enclosed is our proposed advertisement.

Very truly yours,



W. Thomas Kellahin

cfx: Stevens & Tull, Inc.
Attn: Jerry Weant

Proposed Advertisement

Case 12005. Application of Stevens & Tull, Inc. for an ~~unorthodox~~
~~bottom hole location~~ and a non-standard gas proration and spacing unit,
Eddy County, New Mexico. Applicant, in accordance with Division
General Rule 104.F, General Rule 104.D(2) and General Rule 111 applies
for approval of an ~~unorthodox gas well location~~ for its Sweet Thing Federal
Unit Well No. 2 to be drilled at an ~~unorthodox~~ surface location 660 feet
FWL and 660 feet FNL to an ~~unorthodox bottom hole location~~ not closer
than 435 feet FWL or 660 feet FNL (Unit H) Irregular Section 31, T20-
1/2S, R22E, Eddy County, New Mexico, to be dedicated to a non-standard
233.79-acre gas proration and spacing unit consisting of all of said Irregular
Section 31 for gas production from all 320-acre gas pools including but not
limited to the Little Box Canyon-Morrow Gas Pool.

Said unit is located approximately 20 miles south of Hope, New
Mexico.

(11.1.2)

(11.1.2) Section 3

standard surface
well location/
production
over

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

**IN THE MATTER OF THE APPLICATION OF
STEVENS & TULL, INC. FOR APPROVAL OF
AN UNORTHODOX BOTTOM HOLE LOCATION AND
A NON-STANDARD PRORATION UNIT
EDDY COUNTY, NEW MEXICO**

Case 12004

APPLICATION

Comes now Stevens & Tull, Inc., by and through its attorneys, Kellahin and Kellahin, and in accordance with Division General Rule 104.F, General Rule 104.D(2) and General Rule 111 applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for its Sweet Thing Federal Unit Well No. 2 to be drilled at an unorthodox surface location 660 feet FWL and 660 feet FNL to an unorthodox bottom hole location not closer than 435 feet FWL or 660 feet FNL (Unit H) Irregular Section 31, T20-1/2S, R22E, Eddy County, New Mexico, to be dedicated to a non-standard 233.79-acre gas proration and spacing unit consisting of all of said Irregular Section 31 for gas production from all 320-acre gas pools including but not limited to the Little Box Canyon-Morrow Gas Pool.

(1) Stevens & Tull, Inc. is the proposed operator of the subject well to be located in Section 31. **See Exhibit 1.** (9 section ownership plat)

(2) Stevens & Tull, Inc. proposes to drill its Sweet Thing Federal Unit Well No. 2 at an unorthodox surface location 435 feet FWL and 660 feet FNL to an unorthodox bottom hole location not closer than 330 feet FWL or 660 feet FNL (Unit H) Irregular Section 31, T20-1/2S, R22E, Eddy County, New Mexico, to be dedicated to a non-standard 233.79-acre gas proration and spacing unit consisting of all of said Irregular Section 31 for gas production from all 320-acre gas pools including but not limited to the Little Box Canyon-Morrow Gas Pool.

(3) The subject well is to be drilled to test, among other things, the Morrow formation in the Little Box Canyon-Morrow Gas Pool which is subject to the statewide Rule 104 providing for standard well locations not closer than 1650 feet to the end nor closer than 660 feet to the side boundary of the spacing unit.

(4) The subject well is offset by spacing units operated by Stevens & Tull. **See Exhibit 1.**


(5) This well is intended to be at an unorthodox bottom hole location in the Morrow formation at a point which is an approximately equivalent distance from the common boundary as the bottom hole location of the offsetting Sweet Thing "36" State Well No. 1 which was drilled at an unorthodox gas well location in adjoining Section 36, T20-1/2S, R21E, NMPM.

(6) As a result of governmental survey this Irregular Section contains only 233.79 acres and there is no standard location in the section which is available to the applicant.

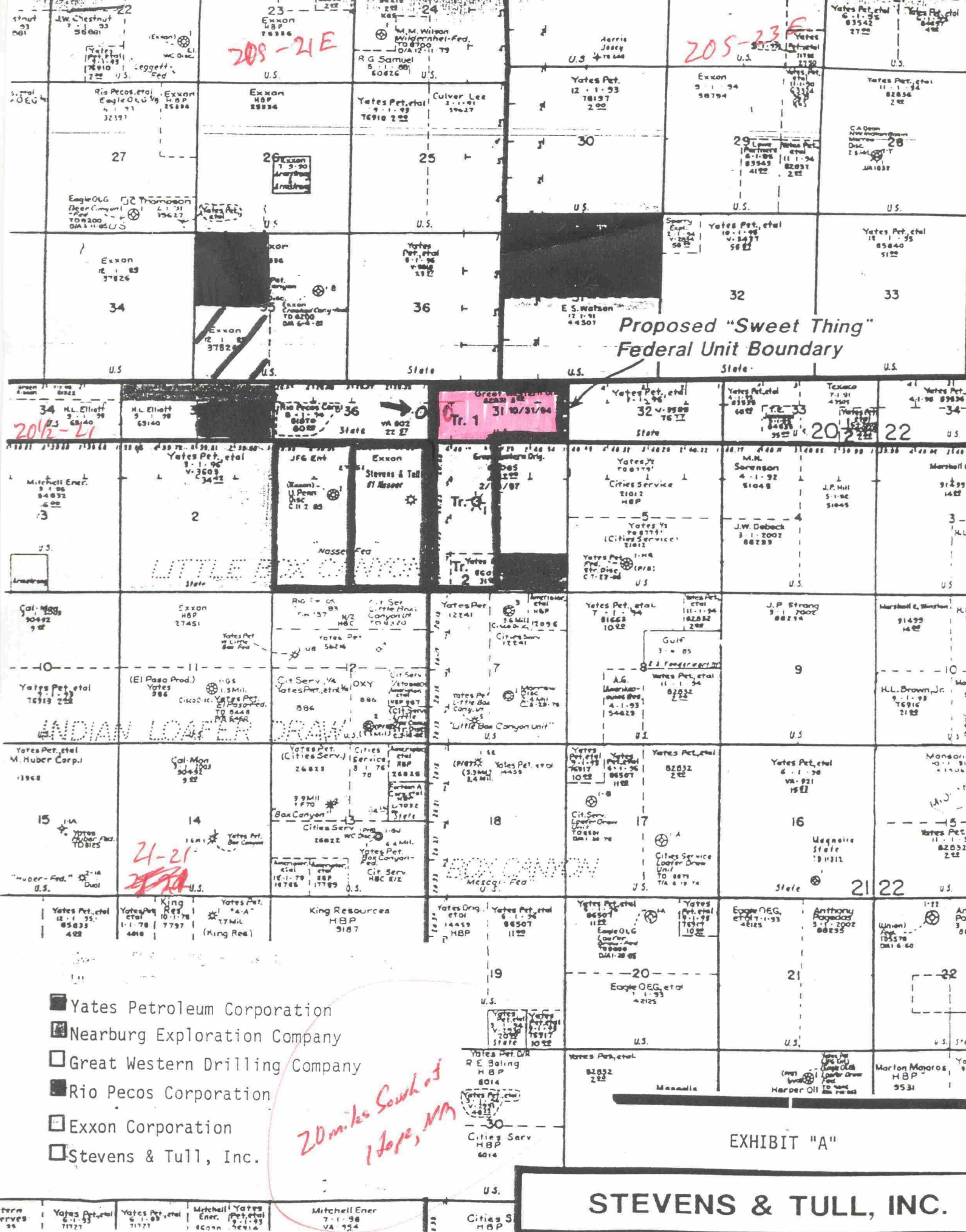
(7) This application involves federal surface and an APD has been filed with the BLM. The proposed surface location has been inspected by the BLM and Stevens & Tull believes its location will be approved by the BLM.

WHEREFORE, Stevens & Tull requests that this matter be approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
Attorneys for Applicant



STEVENS & TULL, INC.