

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 27, 1999

OIL CONSERVATION DIV.

99 JUN 27 AM 11:58

12232

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an application for two non-standard proration units, filed on behalf of Elm Ridge Resources, Inc. Also enclosed are two proposed advertisements, one for each well. Please set these matters for the August 19, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Elm Ridge
Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ELM RIDGE RESOURCES,
INC. FOR TWO NON-STANDARD GAS SPACING
AND PRORATION UNITS AND APPROVAL OF
AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

No. 12232

99 JUN 22
OIL CONSERVATION DIV
AM 11:58

APPLICATION

Elm Ridge Resources, Inc. applies for an order approving two non-standard gas spacing and proration units in the Basin-Fruitland Gas Pool underlying Sections 28 and 33, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and for approval of an unorthodox gas well location, and in support thereof, states:

1. Applicant is the operator of Section 28 and the N $\frac{1}{2}$ of Section 33, comprised of a single federal lease, and of the wells described below.

2. The Callow Well No. 2, located in the NE $\frac{1}{4}$ (Unit B) of Section 33, was completed in the Basin-Fruitland Coal Gas Pool in May 1996, and currently has the N $\frac{1}{2}$ of Section 33 dedicated thereto.

3. The Callow Well No. 6, located in the NE $\frac{1}{4}$ (Unit G)¹ of Section 28, was completed in the Basin-Fruitland Coal Gas Pool in May 1996, and currently has the E $\frac{1}{2}$ of Section 28 dedicated thereto.

4. In early 1999, applicant drilled its Callow Well No. 7, located in the NW $\frac{1}{4}$ (Unit C) of Section 33, to test the Pictured Cliffs formation. The well was not productive in the Pictured Cliffs formation, but is capable of producing from the Basin-Fruitland Coal Gas Pool. The well is at an unorthodox location

¹The well is at an unorthodox location approved by Division Administrative Order NSL-477-A.

under the special rules and regulations for the Basin-Fruitland Coal Gas Pool, and is currently shut-in.

5. There are no coal gas wells in the S½ of Section 28.

6. Applicant proposes to do the following:

(a) Re-orient the well unit for the Callow Well No. 6 from the E½ of Section 28 to the N½ of Section 28;

(b) Re-orient the well unit for the Callow Well No. 2 to form a non-standard unit in the Basin-Fruitland Coal Gas Pool comprised of the SE¼ of Section 28 and the NE¼ of Section 33; and

(c) Dedicate the SW¼ of Section 28 and the NW¼ of Section 33 to the Callow Well No. 7, to form a non-standard unit in the Basin-Fruitland Coal Gas Pool.

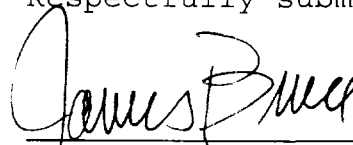
Because the subject lands are within a single federal lease, with common ownership in the Basin-Fruitland Coal Gas Pool, re-orienting the unit for the Callow Well No. 6, and approving the non-standard spacing units for the other two wells, will have no adverse effect upon any interest owner in the subject wells.

7. The foregoing actions will allow the Callow Well No. 7 to produce, and do not affect interest ownership in any of the wells described herein. Thus, approval of the non-standard gas spacing and proration units, and the unorthodox gas well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard gas well unit in the Basin-Fruitland Coal Gas Pool for the Callow Well No. 2, comprised of the SE¼ of Section 28 and the NE¼ of Section 33;
- B. Approving a non-standard gas well unit in the Basin-Fruitland Coal Gas Pool for the Callow Well No. 7, comprised of the SW¼ of Section 28 and the NW¼ of Section 33;
- C. Approving an unorthodox gas well location for the Callow Well No. 7 in the Basin-Fruitland Coal Gas Pool in the NW¼ of Section 33; and
- D. Approving the re-orientation of the well unit for the Callow Well No. 6 from the E½ of Section 28 to the N½ of Section 28.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Elm Ridge Resources, Inc.

PROPOSED ADVERTISEMENT

Case 12232 : Application of Elm Ridge Resources, Inc. for a non-standard gas spacing and proration unit and approval of an unorthodox gas well location in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. Applicant seeks approval of a non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprised of the SW $\frac{1}{4}$ of Section 28 and the NW $\frac{1}{4}$ of Section 33, Township 29 North, Range 13 West, NMPM. Said unit is to be dedicated to applicant's Callow Well No. 7, located at an unorthodox coal gas well location in Unit C of Section 33. Said unit is located approximately 3 miles south-southwest of Farmington, New Mexico.

OIL CONSERVATION DIV
99 JUN 27 PM 12:00