

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

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))

January 2, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

RE: Application of Sapient Energy Corp. for approval
of an unorthodox gas well location and two
non-standard 160-acre gas proration and spacing units
Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Sapient Energy Corp., please find enclosed our referenced application
which we request be set for hearing on January 25, 2001.

Very truly yours,



W. Thomas Kellahin

fxc: Sapient Energy Corp.
Attn: Chuck Perrin
William F. Carr, Esq.
Attorney for Chevron USA Inc.

01 JAN -2 AM 5:33
OIL CONSERVATION DIV

advertisement

Case: Application of Sapien Energy Corp for an unorthodox well location and two non-standard 160-acre spacing units, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its Bertha J. Barber Well No 12 ("Barber 12 Well") which is located at an unorthodox gas well location 330 feet from the north line and 660 feet from the east line of Section 7, T20S, R37E, to be dedicated to a non-standard 160-acre gas proration and spacing unit consisting of the E/2E/2 this section for production from the West Monument-Tubb Gas Pool retroactive to the date of first production (September 9, 1999). In addition, applicant seeks the approval of a second non-standard 160-acre proration and spacing unit consisting of the W/2E/2 of this section.

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

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF SAPIENT ENERGY CORP.
FOR APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION AND TWO NON-STANDARD PRORATION
AND SPACING UNITS, LEA COUNTY, NEW MEXICO**

OIL CONSERVATION DIV.
01 JAN -2 AM 5:33

APPLICATION

Comes now Sapient Energy Corp., by and through its attorneys, Kellahin and Kellahin, and in accordance with New Mexico Oil Conservation Division General Rule 104.F, General Rule 104.D and General Rule 1207.A(2) and (3), applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox gas well location for its Bertha J. Barber Well No 12 ("Barber 12 Well") which is located at an unorthodox gas well location 330 feet from the north line and 660 feet from the east line of Section 7, T20S, R37E, Lea County, New Mexico to be dedicated to a non-standard 160-acre gas proration and spacing unit consisting of the E/2E/2 this section for production from the West Monument-Tubb Gas Pool **retroactive to the date of first production (September 9, 1999)**. In addition, applicant seeks the approval of a second non-standard 160-acre proration and spacing unit consisting of the W/2E/2 of this section, and in support states:

(1) By letter dated October 11, 2000, Chevron USA Production Company ("Chevron") filed an administrative application with the Division seeking approval of an unorthodox gas well location for its G. C. Matthews Well No. 12 330' FSL & 990' FEL Unit P, Section 6, T20S, R37E, to be dedicated to a standard 160-acre gas spacing consisting of the SE/4 of this section for production from the West Monument-Tubb Gas Pool.

(2) Chevron sent notification of its application to Falcon Creek Resources, Inc. ("now Sapient Energy Corp.") as the offsetting operator of the Bertha J. Barber Well No. 12 ("the Barber 12 Well"), Unit A of Section 7, T20S, R37E, towards whom the Chevron well will encroach.

NMOCD Application
Sapient Energy Corp.
Page 2

(3) On August 21, 1999, Cross Timber recompleted the Barber 12 Well from an oil well to a producing gas well in the Tubb gas formation.

(4) On January 6, 2000, in Case 12321, the Division issued Order R-11304 which approved the creation of the West Monument-Tubb Gas Pool, designated the E/2 of Section 7 as the acreage for the new pool and approved the Barber 12 Well as the discovery well for this pool.

(5) On April 1, 2000, Falcon Creek Resources, Inc. ("Falcon Creek") acquired the Bertha J. Barber Well No. 12 from Cross Timber Operating Company ("Cross Timber").

(6) On July 14, 2000, Sapient Energy Corp. ("Sapient") acquired this well from Falcon Creek.

(7) As a result of Chevron's application, Sapient has determined from the following information that Cross Timbers failed to obtain Division approval for the unorthodox location and the non-standard 160-acre proration and spacing unit for the Barber 12 Well:

(a) Cross Timber's C-105 dated September 9, 1999, being a Tubb gas well recompletion report;

(b) Cross Timber's C-102 dated September 9, 1999, showing an unorthodox Tubb gas well location and the dedication of a non-standard 160-acre spacing unit consisting of the E/2E/2 of Section 7;

(c) On September 20, 1999, the Division (OCD-Hobbs) approved Cross Timber's C-103 to recomplete this oil well at an unorthodox gas well location in the Tubb formation with a 160-acre non-standard acreage dedication consisting of the E/2E/2 of Section 7;

(d) On April 14, 2000, the OCD-Hobbs approved Falcon Creek's C-104 (allowable request) which shows this well to be in the West Monument Tubb Gas Pool.

(8) Sapient also requests the approval of a non standard 160-acre spacing unit consisting of the W/2E/2 of Section 7.

NMOCD Application
Sapient Energy Corp.
Page 3

(9) While there are no 160-acre gas spacing units in the Tubb formation adjoining the E/2E/2 of Section 7, notice has been sent to the operators of all wells within 160 acres of the E/2E/2 of Section 7 and to all mineral owners in the E/2 of Section 7.

(10) From the date of first production, Cross Timbers, Falcon Creek and now Sapient has paid and distributed proceeds from the Tubb formation production from the Barber 12 Well to the mineral owners in the E/2E/2 of this section.

(11) Notice is being sent to all appropriate parties as required by Division notice rules. **See Exhibit A.**

Wherefore, Sapient Energy Corp. seeks Division approval for an unorthodox gas well location for its Bertha J. Barber Well No 12 ("Barber 12 well") which is located at an unorthodox gas well location 330 feet from the north line and 660 feet from the east line of Section 7, T20S, R37E, Lea County, New Mexico to be dedicated to a non-standard 160-acre gas proration and spacing unit consisting of the E/2E/2 this section for production from the West Monument-Tubb Gas Pool **retroactive to the date of first production (September 9, 1999)** and another 160-acre non-standard proration unit consisting of the W/2E/2 of Section 7.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized initial 'W' and a long, sweeping horizontal stroke at the end.

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