

Bonneville Fuels Corporation
A Subsidiary of Bonneville Pacific Corporation

OIL CONSERVATION DIVISION
RECEIVED

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August 28, 1992

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Case 10550

Attn: Mr. Michael E. Stogner
Chief Hearing Examiner/Engineer

Re: Request for Administrative Approval
of an Unorthodox Basin Fruitland Coal Location
R & D Drilling Company
Schlosser #16
1180' FSL & 800' FEL
Section 10, T27N, R11W
San Juan County, New Mexico

Gentlemen:

After further review and consideration, Bonneville Fuels has elected to waive its objection to the captioned Unorthodox Fruitland Coal re-completion proposed by KM Production Company.

Enclosed find one Bonneville Fuels executed copy of KM's Waiver of Objection letter dated August 10, 1992. If you have any questions or require further information, please contact the undersigned.

Very truly yours,



L. D. Lillo
Land Manager

LDL/dgp

Enclosure

cc: KM Production Company Marathon Oil Company
Attn: Mr. Kevin H. McCord Attn: Mr. Joe Mandron

DeKalb Energy Company
Attn: Mr. John Geyer



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



BRUCE KING
GOVERNOR

August 21, 1992

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ANITA LOCKWOOD
CABINET SECRETARY

R & G Drilling Company
c/o KM Production Company
P.O. Box 2406
Farmington, New Mexico 87499-2406

Case 10550

Attention: Kevin H. McCord

*RE: Recompletion of the Schlosser Well No. 16 to the
Basin Fruitland Coal Gas Pool at an unorthodox coal
gas well location 1180' FSL - 800' FEL (Unit P) of
Section 16, Township 27 North, Range 11 West, NMPM,
San Juan County, New Mexico.*

Dear Mr. McCord:

The Division has received essentially an objection from Bonneville Fuels Corporation, an off-set operator to the south, southeast and east of the proposed recompletion, (see copy of letter dated August 17, 1992 attached). This application will therefore be placed on the next available docket to be heard by a Division Hearing Examiner on September 17, 1992.

Please provide adequate notice as required by General Rule 1207.A.(5).

Should you have any questions concerning this matter, please contact me at (505) 827-5811.

Sincerely,

MICHAEL E. STOGNER
Chief Hearing Examiner/Engineer

MES/jc

cc: OCD - Aztec
U.S. BLM - Farmington
Bonneville Fuels Corporation - Denver, CO

Bonneville Fuels Corporation
A Subsidiary of Bonneville Pacific Corporation

August 17, 1992

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New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: Request for Administrative Approval
of an Unorthodox Basin Fruitland Coal Location
R & D Drilling Company
Schlosser #16
1180' FSL & 800' FEL
Section 10, T27N, R11W
San Juan County, New Mexico


Gentlemen:

Reference is made to KM Production Company's request for Bonneville Fuels Corporation's waiver of objection for the captioned Unorthodox Basin Fruitland Coal formation recompletion location. Enclosed is a copy of KM's letter dated August 10, whereby Bonneville Fuels has denied the waiver of objection for KM's proposed recompletion.

By recompleting the subject well, it would effectively create a 160 acre spacing pattern given that there is an existing Fruitland Coal producing well in the NE/4 of Section 15 and legal Fruitland Coal locations in the SW/4 of Section 11 and the NE/4 of Section 10. Bonneville Fuels would prefer that the current NE/4 - SW/4 spacing pattern be maintained until it is proven that 160-acre infill drilling is necessary to properly drain and enhance ultimate recoveries from the Fruitland Coal formation within the immediate field area and/or throughout the basin.

Apparently, KM controls a drillable and legal Fruitland Coal formation location in the SW/4 of Section 10. We do regret the inconvenience this response will cause KM.

Very truly yours,

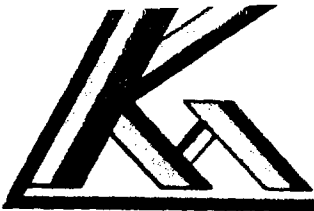

L. D. Lillo
Land Manager

LDL/dgp

cc: KM Production Company
Attn: Mr. Kevin H. McCord

Marathon Oil Company
Attn: Mr. Joe Mandron

DeKalb Energy Company
Attn: Mr. John Geyer



KM PRODUCTION COMPANY
P. O. Box 2406
Farmington, NM 87499-2406
(505) 325-6900

August 10, 1992

Mr. William J. LeMay
Oil Conservation Division
PO Box 2088
Santa Fe, N.M. 87504

Return Receipt Requested
cc: Amoco Production Company P 565 392 308
Meridian Oil, Inc. P 565 392 309
Arco Oil & Gas Company P 565 392 311
Marathon Oil Company P 565 392 310
Bonneville Fuels Corp. P 565 392 312

RE: Request for Administrative Approval
of an Unorthodox Basin Fruitland Coal Location
R & G Drilling Company
Schlosser #16
1180' FSL and 800' FEL
Section 10, T27N, R11W
San Juan County, New Mexico

Gentlemen:

KM Production Company is the agent for R & G Drilling Company. R & G requests administrative approval of an unorthodox Basin Fruitland Coal formation gas well. They plan to recompleate their Schlosser #16 well (SE 1/4, Section 10, T27N, R11W) in the Fruitland Coal formation. This well is currently shut-in, but has produced 402,662 MCF from the Pictured Cliffs formation. This re-entry candidate is an unorthodox Fruitland Coal location in that it is located in the SE 1/4 of the section rather than the SW 1/4 or NE 1/4. The well in the NW 1/4 of Section 10 will be recompleted in the Fruitland Coal in the near future by R & G. The well recompletion candidate in the SW 1/4 of Section 10 has already been plugged and abandoned.

You will find enclosed with this request a map showing the ownership of the leases around this well. This map also shows the wells offsetting this proposed re-entry. Also enclosed you will find an acreage dedication plat for this well and copies of this letter which were sent to offset leaseholders. As per NMOCD Regulations, by copy of this letter to offset leaseholders, R & G Drilling Co. is asking offset leaseholders that they waive any objection to this Basin Fruitland Coal unorthodox location.

I believe this request provides all the information required by NMOCD Regulations for an unorthodox location. If any other information is needed, please call. Your prompt response to this request is appreciated.

Yours Truly,

Kevin H. McCord

Kevin H. McCord, P.E.
Petroleum Engineer

enc.

The undersigned has no objection to the above location.

Bonneville Fuels Corporation

By: _____

Date: _____

If you concur and have no objection, please sign and return one copy of this letter to the NMOCD in Santa Fe, one copy to our office, and retain one for your files.

DENIED



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



BRUCE KING
GOVERNOR

September 1, 1992

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

R & G Drilling Company
c/o KM Production Company
P.O. Box 2406
Farmington, New Mexico 87499-2406

Case 10550

Attention: Kevin H. McCord

Administrative Order NSL-3150

Dear Mr. McCord:

Reference is made to your application dated August 10, 1992 on behalf of the operator R & G Drilling Company for a non-standard Basin-Fruitland coal gas well location for the existing Schlosser Well No. 16 which was drilled in 1955 and completed in the West Kutz Pictured Cliffs Pool at a standard gas well location 1180 feet from the South line and 800 feet from the East line (Unit P) of Section 10, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

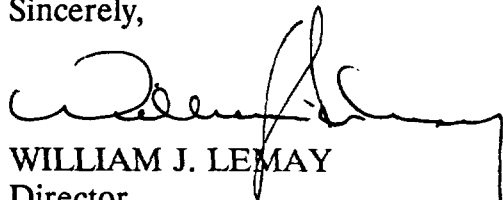
It is my understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, as amended, is unorthodox. Further, the S/2 of said Section 10 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

R & G Drilling Company
Administrative Order NSL-3150
September 1, 1992
Page 2

By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Division Case No. 10550 which was scheduled for the September 17, 1992 Examiner Hearing shall be dismissed upon approval of this administrative order.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Aztec
U.S. BLM - Farmington
Case File: 10550 ✓

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 22, 1992

R & G Drilling Company
c/p KM Production Company
P. O. Box 2406
Farmington, New Mexico 87499

RE: CASE NO. 10550
ORDER NO. R-9730

Dear Sir:

Enclosed herewith are two copies of the each of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Farmington
L. D. Lillo
OCD Aztec Office