



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

Case No.
9895

GARREY CARRUTHERS
GOVERNOR

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STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
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March 1, 1990

US Bureau of Reclamation
Durango Projects Office
P.O. Box 640
Durango, CO 81302-0640

Attention: Steve Sacks
Project Manager

*RE: Unorthodox well location filings, Richmond
Petroleum, Inc., Section 11, Township 32
North, Range 6 West, NMPM, Rio Arriba and
San Juan Counties, New Mexico.*

Dear Mr. Sacks:

The New Mexico Oil Conservation Division received the two subject filings for unorthodox gas well locations which are on lands within your jurisdiction. I am forwarding a copy of each to you at this time, any comments would be greatly appreciated. Both applications are scheduled for hearing on the March 21, 1990 examiner docket. Please contact me if you should have any questions. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: US Bureau of Land Management - Farmington
Oil Conservation Division - Aztec
Owen Lopez - Santa Fe

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RICHMOND PETROLEUM)
INC. FOR COMPULSORY POOLING, A)
NON-STANDARD SPACING AND PRORATION)
UNIT, AND AN UNORTHODOX GAS WELL)
LOCATION, SAN JUAN COUNTY AND RIO)
ARRIBA COUNTIES, NEW MEXICO.)

Case No. 9895

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APPLICATION

OIL CONSERVATION DIV.
SANTA FE

Richmond Petroleum, Inc. hereby makes application for an order pooling all interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 11, Township 32 North, Range 6 West, N.M.P.M., San Juan and Rio Arriba Counties, New Mexico, and for an unorthodox gas well location, and in support thereof would show:

1. Applicant has the right and proposes to drill its Carnes 11 No. 1 in the S/2 of Section 11 to a depth sufficient to test the Basin-Fruitland Coal Gas Pool, and seeks to dedicate the S/2 of Section 11 to the well.

2. Applicant has in good faith sought to join all other mineral interest owners in the S/2 of Section 11 for the purposes set forth herein.

3. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners cannot be located or have refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral interest owners in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 11, pursuant to N.M.

Stat. Ann. § 70-2-17 (1987 Repl.).

4. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

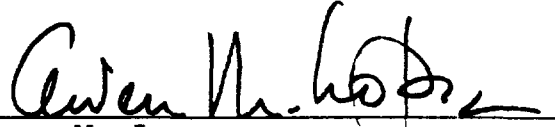
5. Rule 7 of Order R-8768, regarding the subject pool, requires the first well in each section to be completed in the NE/4 or SW/4 of each section. Although Applicant plans to drill a coal gas well in the SW/4 of Section 11, with the S/2 of Section 11 dedicated to the well, due to topographical conditions (the presence of Navajo Lake covering a major portion of Section 11), Applicant cannot drill at a standard location in the SW/4 of Section 11 and requests permission to drill and complete a well for the S/2 unit at a non-standard location 1,800 feet FSL and 230 FWL.

6. The pooling of all interests underlying the S/2 of Section 11, as described above, and approval of an unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. Applicant requests that this matter be heard at the March 21, 1990 Examiner hearing.

WHEREFORE, Applicant requests that the Division grant the relief requested above.

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in black ink, appearing to read "Owen M. Lopez", written over a horizontal line.

Owen M. Lopez
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant Richmond
Petroleum, Inc.