

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

June 4, 1990

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

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

HAND-DELIVERED

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RECEIVED

JUN 05 1990

OIL CONSERVATION DIV.
SANTA FE

Re: Southland Royalty Company's Application
for Two Non-Standard Spacing and Proration
Units, Basin Fruitland Coal Gas Pool,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Southland Royalty Company, please set the
enclosed application for hearing at the next available examiner's
docket now set for June 27, 1990.

We suggest the following to be used for the advertisement
for this case:

Application of Southland Royalty Company for two non-
standard spacing and proration units, San Juan County, New
Mexico. Applicant in the above-styled cause seeks approval
of two non-standard spacing and proration units for two
wells portions of Sections 23 and 24, T31N, R12W, San Juan
County, New Mexico. Said locations are approximately _____
miles from _____.

By copy of this letter and application sent certified mail,
return-receipt requested, we are notifying each of the offsetting
owners and/or operators of their right to appear at the hearing
either in support of or in opposition to this application.

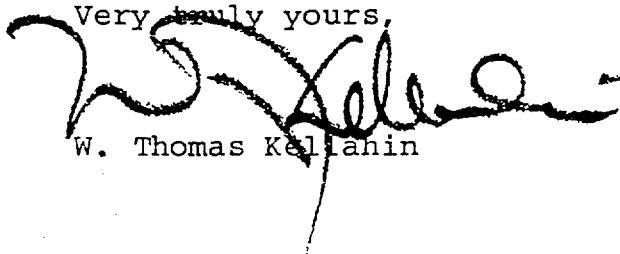
Examiner	_____
Case No.	9976
EXHIBIT NO.	1



Mr. William J. LeMay
Page 2
June 4, 1990

Should any party desire more information about this matter or about the procedures for hearing this application, they may call the Division of the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahan', is written over the typed name. The signature is fluid and cursive.

W. Thomas Kellahan

WTK/dm

cc: Mr. Alan Alexander
Meridian Oil, Inc.
P.O. Box 4289
Farmington, New Mexico 87499-4289

"Certified-Return Receipt Requested"

All parties listed on Application

RECEIVED

JUN 05 1990

OIL CONSERVATION DIV.
SANTA FE

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
APPROVAL OF TWO NON-STANDARD PRORATION
AND SPACING UNITS, BASIN FRUITLAND
COAL GAS POOL, SAN JUAN COUNTY,
NEW MEXICO

CASE NO. _____

APPLICATION

COMES NOW Southland Royalty Company, through its agent Meridian Oil, Inc, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of two non-standard proration and spacing units in the Basin Fruitland Coal Gas Pool in portions Sections 23 and 24, T31N, R12W, San Juan County, New Mexico for the following units:

<u>Well Name</u>	<u>Non-Standard Spacing Unit</u>
East #13 (Recomplete from Pictured Cliffs to Fruitland Coal Formation)	Section 23: SE/4 SE/4 Section 24: E/2 W/2, W/2 SW/4 ② SW/4 NW/4 Township 31 North, Range 12 West 320.00 acres
Hedges #100 (Proposed Well - not Staked)	Section 23: W/2 E/2, E/2 NE/4, NE/4 SE/4 Section 24: NW/4 NW/4 Township 31 North, Range 12 West 320.00 acres

1. Southland Royalty Company is 100% owner of the non-standard proration and spacing unit proposed for the East #13 well and has an existing Operating Agreement cover the non-standard spacing and proration unit for the Hedges #100 Well.

2. The requested non-standard spacing and proration units are identical to the proration units dedicated to the MesaVerde and Dakota Wells located on this acreage.

3. Communitization Agreements are not required on either spacing unit because each consist of a single lease.

4. Attached as Exhibit A is a plat showing all of the acreage dedicated to the East #13 Well and Exhibit B is a plat showing all of the acreage dedicated to the Hedges #100 Well.

5. Exhibit C is an area location plat.

6. Attached as Exhibit D is a list of all offsetting owners and/or operators who are required by Division rules to receive notification of this application.

7. Pursuant to Division rules, a copy of this application was mailed by certified mail, return-receipt requested, to all parties listed on Exhibit D.

WHEREFORE, Applicant requests that after notice and hearing the application be granted.

KELLAHIN KELLAHIN & ABBREY



W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
Attorneys for Southland Royalty Co.

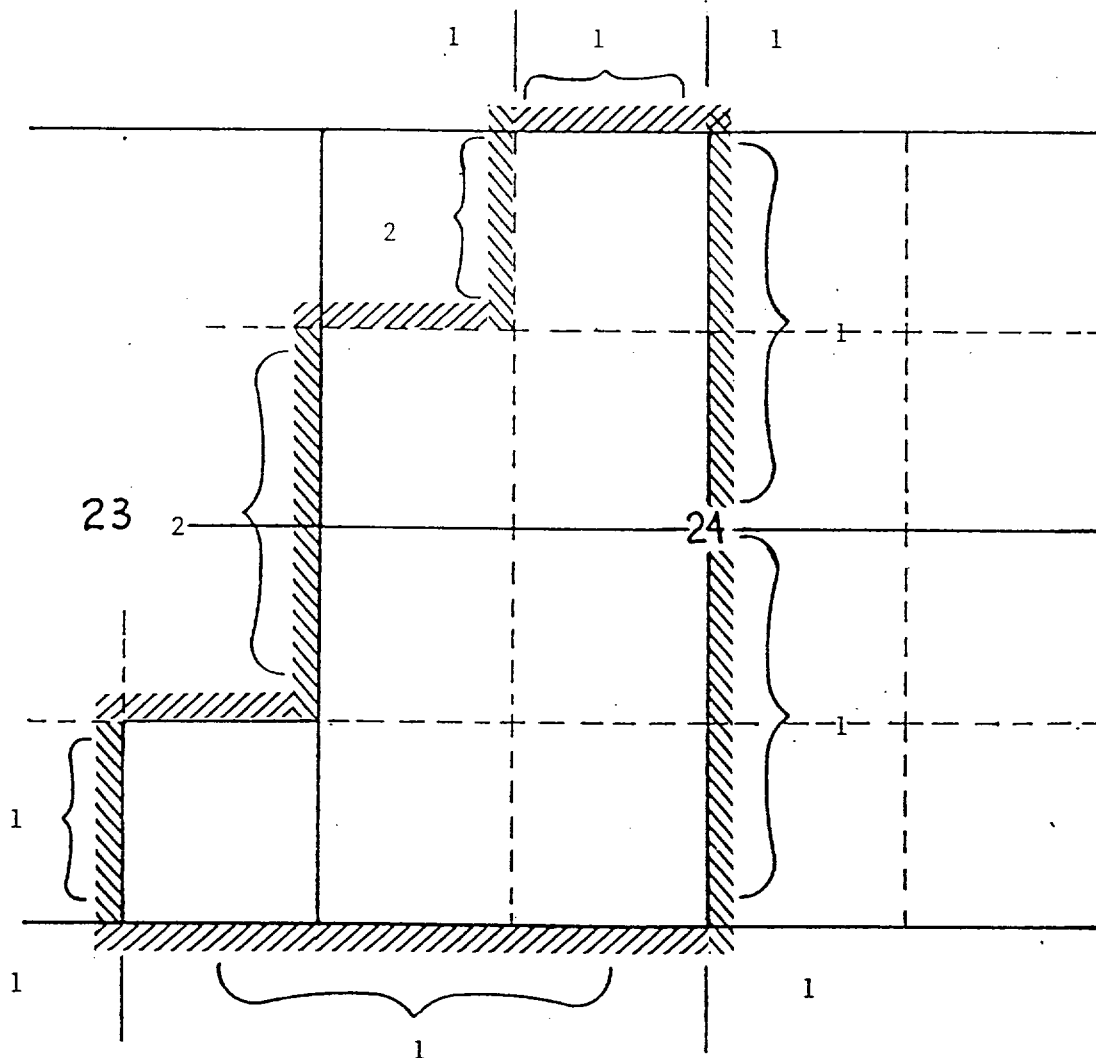
SOUTHLAND ROYALTY CO

Well Name East #13

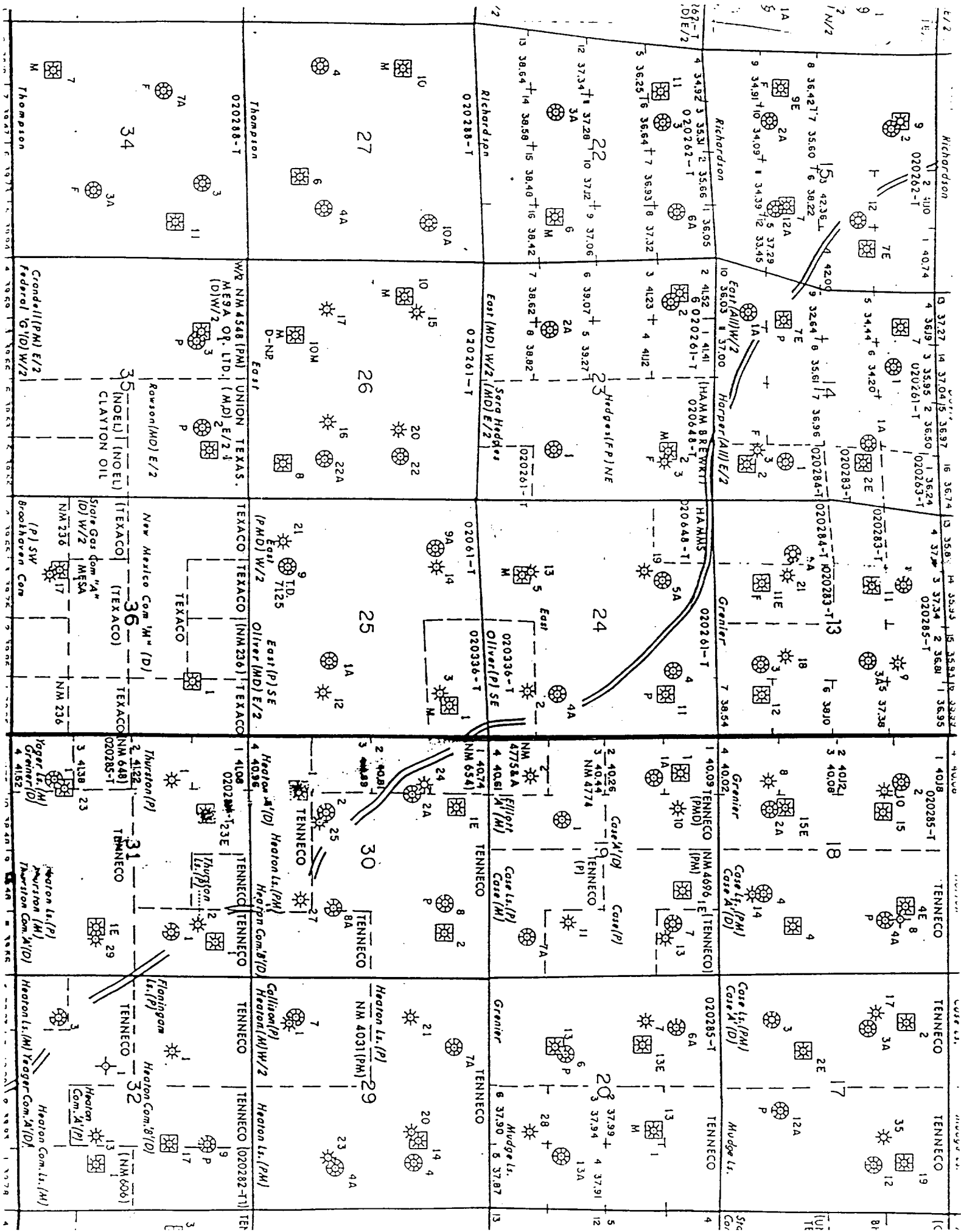
Footage 1160' FSL: 1560' FWL Acreage 320

APPLICATION FOR NON-STANDARD PRORATION UNIT

County San Juan State New Mexico Section 24 Township 31N Range 12W



Remarks 1) Southland Royalty Company
2) VF Heubaus Properties
PO Drawer 1270 McAllen, TX 78501
Cecil Lanier Estate
PO Box 5555 McAllen, TX 78502-5555
Lee Killgore
PO Box 26900 Albuquerque, NM 87125-6900



OFFSETTING OPERATORS AND OWNERS

VF Heuhaus Properties
P.O. Drawer 1270
McAllen, Texas 78501

Cecil Lanier Estate
P.O. Box 5555
McAllen Texas 78502-5555

Lee Killgore
P.O. Box 26900
Albuquerque, N.M. 87125-6900