

Amoco Production Company

Denver Region
1670 Broadway
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303-830-4040

Federal Express

January 28, 1988

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, New Mexico 87504-2088

File: NWA-44-986.511

Application of Curtis J. Little Oil & Gas for
Non-Standard 80-acre Oil Proration Unit (Case 9302)
West Lindreth Gallup Dakota Oil Pool
Rio Arriba County, New Mexico

Amoco Production Company hereby requests to become a party of record to the NMOCD Case 9302, application by Curtis J. Little Oil and Gas Company for a Non-Standard 80-acre Oil Proration unit comprising the SW/4 NE/4 and the SE/4 NW/4 of Section 1, T25N, R3W, Lindreth Gallup-Dakota Oil Pool, to be dedicated to the Little-Hurt Federal No. 1 well located 2900 feet FNL and 1650 feet FEL of Section 1. Instead of appearing personally at the Examiner hearing scheduled for 2/3/88, Amoco requests that this letter be made a part of the official record and be read into the transcript of the hearing in Case No. 9302.

Amoco is an affected offset leaseowner in the E/2 SE/4 of Section 1, T25N, R3W in the West Lindreth Pool. Amoco also is an immediate offset leaseowner to the north in the N.E. Ojito Gallup Dakota Oil Pool and to the east in the Gavilan-Mancos Oil Pool.

Case 9227, Order No. R-4314-A, Rule 2 states that each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter-section being a legal subdivision of the United States Public Land Surveys.

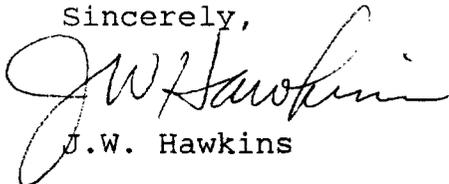
Amoco is concerned that the granting of C.J. Little Oil and Gas Company's application for this non-standard 80-acre proration unit may allow disproportionate withdrawals from wells located in the NE/4 of Section 1 compared to the acreage contained within that NE/4 section. This happens as a result of dedicating 40 acres in the NW/4 of Section 1 to the

allowable assigned to a well or wells located in the NE/4 of Section 1. Depending on the producing capacities of the wells in that area, this could cause a violation of Amoco's correlative rights as an affected offset owner.

Amoco is also concerned that granting this application might allow the operator to circumvent the gas allowable restrictions established in Case No. 9227, Order No. R-4313-A, Rule 8. It is improper to avoid those buffer rules by joining a tract with a 40-acre tract outside of the buffer area.

We have discussed this matter with Mrs. Sylvia Little of the Curtis J. Little Oil and Gas Company. In these discussions, Mrs. Little indicated that the Little-Hurt Federal No. 1 well's productive capacity does not exceed a 40-acre prorated share of the West Lindreth Gallup Dakota Pool's 160 acre allowable. Since the proposed non-standard 80-acre proration unit contains only 40 acres in the NE/4 of Section 1 upon which the well is located, the current withdrawals appear to be proportionate with acreage contained in the NE/4 of Section 1. Based on the information furnished by Mrs. Little, there does not appear to be a violation of Amoco's correlative rights at this time. Amoco does not at this time object to Little's application. However, should there be any changes in the Little-Hurt Federal No. 1 well's productive capacity in the future, or should there be additional drilling in the SW/4 NE/4 of Section 1 which results in withdrawals exceeding a 40-acre prorated share of the West Lindreth Gallup Dakota Pool's 160 acre allowable, Amoco reserves the right to challenge this matter at some future date.

Sincerely,

A handwritten signature in cursive script, appearing to read "J.W. Hawkins".

J.W. Hawkins

JWH/ae

cc: Curtis J. Little Oil and Gas
William F. Carr

EXHIBIT A

Amoco Production Company
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Denver, Colorado 80201

Merrion Oil & Gas Corporation
Post Office Box 840
Farmington, New Mexico 87499

Minel, Inc.
309 Washington, SE
Albuquerque, New Mexico 87108

Jerome P. McHugh
Suite 1225
620 South Cherry Street
Denver, Colorado 80222

T. H. McElvain Oil
& Gas Properties
Post Office Box 2148
Santa Fe, New Mexico 87504

Union Texas Petroleum Corporation
375 U.S. Highway 64
Farmington, New Mexico 87401

CAMPBELL & BLACK, P.A.

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February 16, 1988

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

Re: Case No. 9302
Application of Curtis J. Little for Non-Standard
Oil Proration Unit, Rio Arriba County, New Mexico

Dear Mr. LeMay:

Enclosed for your consideration in the above-referenced case, is
Curtis J. Little Oil & Gas Company's proposed Order.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosure

RECEIVED

FEB 17 1988

STATE LAND OFFICE

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO: 9302
ORDER NO. _____

APPLICATION OF CURTIS J. LITTLE FOR
A NON-STANDARD OIL PRORATION UNIT,
RIO ARRIBA COUNTY, NEW MEXICO.

CURTIS J. LITTLE'S
PROPOSED ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on February 3, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of February, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Curtis J. Little, seeks approval of an 80-acre non-standard oil proration unit comprising the SE/4 NW/4 and SW/4 NE/4 of Irregular Section 1, Township 25 North, Range 3 West, N.M.P.M., West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, to be dedicated to the Hurt Federal #1 Well located 2900 feet from the North line and 1650 feet from the East line of Section 1.

(3) All of Section 1 was within the boundary of the Ojito Gallup-Dakota Oil Pool, developed on 40-acre units, until Division Order R-8544, dated November 19, 1987, abolished said pool and extended the West Lindrith Gallup-Dakota Oil Pool, developed on 160-acre spacing, to include all of the acreage previously dedicated to the Ojito Gallup-Dakota Oil Pool.

(4) The Hurt Federal #1 Well was located and drilled in accordance with the pool rules of the Ojito Gallup-Dakota Oil Pool prior to the issuance of Order R-8544.

(5) Offsetting the proposed unit to the northwest and west are Lots 3 and 4 and the SW/4 NW/4, consisting of 57.97, 57.95 and 40 acres respectively which are proposed as a 155.92-acre non-standard proration unit to be dedicated to a well which has been drilled in Unit C.

(6) Offsetting the proposed unit to the northeast are Lots 1 and 2 of Section 1, consisting of 58.01 and 57.99 acres, respectively, which are proposed as a 116.00-acre non-standard proration unit to be dedicated to a well which has been drilled in Unit A.

(7) Offsetting the proposed unit to the east is the SE/4 NE/4 of Section 1, consisting of 40-acres, which is proposed as a 40-acre non-standard proration unit for a well which has been drilled in Unit H.

(8) Applications for administrative approval have been submitted and are pending for the proposed units identified in 5, 6 and 7 above.

(9) No interested party appeared and objected to the subject application.

(10) The evidence presented at the time of the hearing indicates that by developing this portion of the pool underlying Section 1, in the above-described manner, would ensure systematic development and thereby prevent waste and protect correlative rights.

(11) The entire non-standard proration unit may reasonably be presumed productive of oil from the West Lindrith Gallup-Dakota Oil Pool and the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(12) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the West Lindrith Gallup-Dakota Oil Pool, will prevent the economic loss caused by the drilling of unnecessary wells and avoid the augmentation of risk arising from the drilling of an excessive number of wells.

IT IS THEREFORE ORDERED THAT:

(1) An 80-acre non-standard oil proration unit in the West Lindrith Gallup-Dakota Oil Pool comprising the SE/4 NW/4 and SW/4 NE/4 of Section 1, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, is hereby established to be dedicated to the Hurt Federal #1 Well located in Unit G of said Section 1.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

William J. LeMay
Director

(S E A L)

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

February 17, 1938

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SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9302
ORDER NO. ~~R-8602~~

Applicant:

Curtis J. Little Oil & Gas

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other **Karem Aubrey**