

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:

IN THE MATTER OF CASE 9420 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION
ORDER NO. R-8768, WHICH ORDER
CREATED THE BASIN-FRUITLAND COAL GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 9420

RECEIVED

MAR 01 1991

OIL CONSERVATION DIV.
SANTA FE

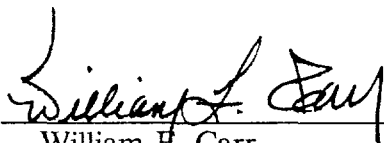
POSITION STATEMENT
OF TEXACO, INC.

Texaco, Inc. will appear and present testimony at the April 4, 1991 Oil
Conservation Commission hearing in the above referenced case.

Texaco recommends adoption of the temporary rules for the Basin Fruitland Coal
Pool as permanent rules for this pool.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
William H. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for Texaco, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of Texaco, Inc. to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

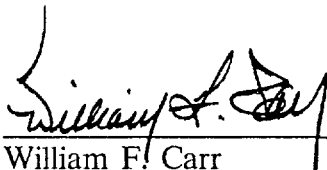
John A. Dean, Jr.
Post Office Drawer 1259
Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
Santa Fe, New Mexico 87504



William F. Carr

STATE OF NEW MEXICO
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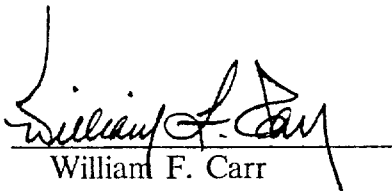
POSITION STATEMENT
OF BLACKWOOD & NICHOLS CO. A LIMITED PARTNERSHIP

Blackwood & Nichols Co. a Limited Partnership recommends adoption of the temporary rules for the Basin Fruitland Coal Pool as permanent rules for this pool.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:


William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for Blackwood &
Nichols Co. a
Limited Partnership

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of Blackwood & Nichols Co. a Limited Partnership to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

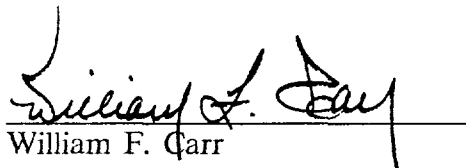
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Miller, Stratvert, Torgerson & Schlenker, P.A.
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Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

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Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

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Sutin, Thayer & Browne
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William F. Carr

**STATE OF NEW MEXICO
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SANTA FE

**POSITION STATEMENT
OF AMOCO PRODUCTION COMPANY**

Amoco Production Company will appear and present testimony at the April 4, 1991
Oil Conservation Commission hearing in the above referenced case.

Amoco recommends adoption of the temporary rules for the Basin Fruitland Coal
Pool as permanent rules for this pool.

Amoco supports the amendments to these rules proposed by Meridian Oil, Inc.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 

William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for Amoco
Production Company

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of Amoco Production Company to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

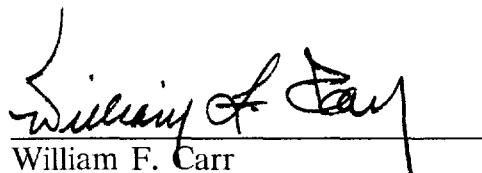
John A. Dean, Jr.
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Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
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William F. Carr

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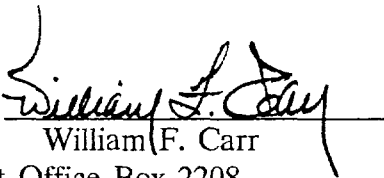
POSITION STATEMENT
OF ARCO OIL & GAS COMPANY

ARCO Oil & Gas Company will appear and present testimony at the April 4, 1991
Oil Conservation Commission hearing in the above referenced case.

ARCO recommends adoption of the temporary rules for the Basin Fruitland Coal
Pool as permanent rules for this pool.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for ARCO Oil
& Gas Company

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of ARCO Oil & Gas Company to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

John A. Dean, Jr.
Post Office Drawer 1259
Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
Santa Fe, New Mexico 87504



William F. Carr

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2285

SANTA FE, NEW MEXICO 87504-2285

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

March 25, 1991

John D. Roe, Jr.
Dugan Production Corp.
Post Office Box 420
Farmington, New Mexico 87499

VIA FAX: (505) 327-4613

Re: Coal Gas Rule Hearing
NMOCD Case No. 9420 (Reopen)

Dear John:

On March 1, 1991, on behalf of Meridian Oil Inc., I filed with the Division and forwarded to Dugan Production Corp. our position statement which included certain administrative changes in the coal gas rules.

What you do not have is our Pre-hearing Statement which was filed on February 12, 1991 prior to Dugan Production Corp. entering an appearance in this case.

I have enclosed a copy of that filing. I will be amending that filing this week to disclose Mr. George Dunn, Petroleum Engineer, Meridian, as a potential witness.

I apologize for the oversight in not providing this information to you sooner. If you have any questions, please call me or have your attorney call me.

Best regards,


W. Thomas Kellahin

WTK/tic
Enclosure

John D. Roe, Jr.
March 25, 1991
Page 2

cc: VIA FAX: (505) 827-5741
Robert G. Stovall

VIA FAX: (505) 326-9833
Alan Alexander

1988/ltrt325.330

KELLAHIN, KELLAHIN AND AUBREY

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) 982-2047W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

February 12, 1991

William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Basin Fruitland Coal Gas Rule Hearing
NMOCD Case No. 9420 (Reopened)

Dear Mr. LeMay:

Our firm represents Meridian Oil Inc. in the referenced matter.

In accordance with the Pre-hearing Conference Memorandum issued by you dated February 4, 1991, I am submitting the enclosed proposed rule changes and furnishing copies to those parties showing an appearance at the hearing on January 24, 1991.

The Meridian sponsored rule changes are intended to provide improvements to administration of the current rules.

Mr. Alan Alexander, a landman with Meridian, will be my witness concerning these proposed amendments. Based on his extensive experience in dealing with the current rules, he will testify that the proposed changes will "streamline" the administrative processing of the coal gas well applications and provide needed flexibility.

I am unable to provide the exact number or identity of his exhibits, but they will generally be as follows:

- (1) A base map showing the Blanco Mesaverde and Basin Dakota NSPU solutions and how they have been used to "solve" the Coal Gas NSPU problem.

Mr. William J. LeMay
February 12, 1991
Page 2

- (2) An illustration of the Rule 5 change.
- (3) Documents illustrating the certification issue raised in the Rule 3 proposed change.

Very truly yours,

Original signed by
W. THOMAS KELLAHIN

W. Thomas Kellahin

WTK/tic

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

COAL GAS RULE MAILING LIST

Randall Davis
BHP Petroleum Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705-5510

William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504

James Bruce, Esq.
Hinkle, Cox, Eaton, Coffield &
Hensley
500 Marquette, NW, Suite 740
Albuquerque, New Mexico 87102

J. Scott Hall, Esq.
Miller, Stratvert, Torgerson &
Schlenker, P.A.
125 Lincoln Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr., Esq.
Sutin, Thayer & Browne
P.O. Box 2187
Santa Fe, New Mexico 87501

Tom Lowry, Esq.
Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

Tom Moore
Phillips Petroleum Company
300 W. Arrington, Suite 200
Farmington, New Mexico 87401

STATE OF NEW MEXICO
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CASE NO. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Meridian Oil Inc. as
required by the Oil Conservation Division.

APPEARANCE OF PARTIES.

PARTY

Meridian Oil Inc.
P.O. Box 4189
Farmington, NM 87499
Attn: Alan Alexander
(505) 326-9700

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

Meridian Oil Inc. supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991 with
the exception of adoption of the administrative changes
proposed by Meridian and more specifically described in
Exhibit "A" attached hereto.

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OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Phillips Petroleum
Company as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

Phillips Petroleum Company
300 W. Arrington, Ste 200
Farmington, NM 87401
Attn: Tom Moore
(505) 599-3400

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

Phillips Petroleum Company supports making the current
Basin Fruitland Coal Gas Rules permanent based upon the
record made at the Examiner hearing held on February 22,
1991.

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OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

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CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Conoco, Inc. as required
by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

Conoco, Inc.
P.O. Box 2197
Houston, TX 77252
Attn: Thomas Burton, Esq.
(713) 293-1000

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

Conoco, Inc. supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991.

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

STATE OF NEW MEXICO
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CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by BHP Petroleum Co., Inc.
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY	ATTORNEY
BHP Petroleum Co., Inc. 6 Desta Dr., Ste 3200 Midland, TX 79705 Attn: Randall Davis (915) 688-1800	W. Thomas Kellahin KELLAHIN, KELLAHIN & AUBREY P.O. Box 2265 Santa Fe, NM 87504 (505) 982-4285

STATEMENT OF POSITION

BHP Petroleum Co., Inc. supports making the current
Basin Fruitland Coal Gas Rules permanent based upon the
record made at the Examiner hearing held on February 22,
1991.

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SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Marathon Oil Company as
required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY	ATTORNEY
Marathon Oil Company P.O. Box 552 Midland, TX 79702 Attn: Tom Lowry, Esq. (915) 687-8143	W. Thomas Kellahin KELLAHIN, KELLAHIN & AUBREY P.O. Box 2265 Santa Fe, NM 87504 (505) 982-4285

STATEMENT OF POSITION

Marathon Oil Company supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991.

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OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
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IN THE MATTER OF THE HEARING
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CASE NO. 9420 (Reopened)
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION PURSUANT TO THE PROVISIONS
OF DIVISION ORDER R-8768 FOR THE PURPOSE OF
ESTABLISHING PERMANENT SPECIAL POOL RULES
FOR THE BASIN-FRUITLAND COAL GAS POOL
LOCATED IN SAN JUAN, RIO ARRIBA, MCKINLEY
AND SANDOVAL COUNTIES, NEW MEXICO

STATEMENT OF POSITION

Dugan Production Corp. ("Dugan") as directed by the hearing examiner during the 2/22/91 hearing of Case No. 9420 (Reopened) and based upon the Summary and Conclusions presented by the San Juan Basin Coalbed Methane Committee in their report to the (OCD) and testimony during the 2/22/91 hearing of Case 9420 (Reopened), proposes that the temporary Pool Rules for the Basin-Fruitland Coal Gas Pool, promulgated by the Division Order R-8768, be adopted and made permanent upon amending, to include the following additional rules.

PROPOSED AMENDMENTS TO TEMPORARY RULES
ADOPTED IN CASE NO. 9420 - ORDER NO. R-8768

A) Rule 4.1. The Division Director shall have the authority to grant an application to drill a second well (infill well) within a standard spacing unit. The infill well shall be located in the undrilled 1/4 section and shall be located with respect to the spacing unit boundaries as described in Rule 7. The Division Director may approve the application without hearing, upon the applicant providing proof of notice of the application to offset operators and working interest owners of undrilled tracts and in the absence of objection by any party receiving notice. Upon receiving an objection from any offsetting party, the application will be acted upon only after notice and hearing.

B) Rule 6.1. Upon application of an operator, the Division Director may grant an exception to the requirements of Rule (4) or otherwise establish a proration unit or spacing unit, other than 320 acres, for a specific area within the pool. The Division Director shall have the authority to approve the application without hearing provided the applicant presents written consent in the form of waivers from all operators or owners of undrilled tracts offsetting the area and from all operators owning interests within the area affected. In lieu of written consent, the applicant may furnish proof of the fact that all involved parties were notified of such application by registered or certified mail. The Division Director may approve the application if no such party has entered an objection within thirty (30) days after the Division Director receives the application. If any party should timely file an objection, the Division shall hold a hearing at which the applicant and other interested parties may submit testimony and technical data with respect to the application. The Director shall grant an application field pursuant to Rule 6.1 if he finds that the proposed proration or spacing unit will prevent waste and protect correlative rights.

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OF DIVISION ORDER R-8768 FOR THE PURPOSE OF
ESTABLISHING PERMANENT SPECIAL POOL RULES
FOR THE BASIN-FRUITLAND COAL GAS POOL
LOCATED IN SAN JUAN, RIO ARRIBA, MCKINLEY
AND SANDOVAL COUNTIES, NEW MEXICO

PREHEARING STATEMENT

Dugan Production Corp. ("Dugan") as directed by the hearing examiner during the 2/22/91 hearing of Case No. 9420 (Reopened) presents herein our Prehearing Statement for the 4/4/91 hearing of Case No. 9420 (Reopened).

Dugan Production Corp. has been active in oil and gas development throughout the San Juan Basin area since 1959 and has produced natural gas from coal beds since the early 1970s. We actively participated in the initial special pool rules hearing held on July 6, 1988, and at that hearing supported 160 acre spacing units for the development of natural gas from the Fruitland Coal within some areas of the Fruitland Coal development.

It was our contention at the initial hearing that in the areas we had operating experience, 160 acre spacing was proper since natural fracturing within the coal in our general areas of operation was not developed to the same degree it was in some areas of the Fruitland Coal development. In the absence of natural fracture development, 160 acre drainage areas are more realistic for the Fruitland Coal and it was our opinion that there was no data within these areas to support the 320 acre spacing units sought poolwide based upon data predominantly from areas of the Fruitland Coal development which also had a greater amount of natural fracturing. In addition, we testified that the Fruitland Coal and Pictured Cliffs formation within the area of our operation could not be isolated into separate reservoirs either because there is no barrier, or at best an ineffective barrier exists, between the two formations. We agree that isolation does exist in some areas, but not basin-wide.

Two and a half years have passed since the initial hearing and a significant amount of time, effort and money has been expended to more clearly define the proper spacing for development of the Fruitland Coal. It is our understanding that the report prepared by the San Juan Basin Coalbed Methane Committee, and presented to the OCD at the 2/22/91 hearing of the subject case, incorporates a large part of the data collected and is the joint effort of operators throughout the San Juan Basin "to develop an appropriate methodology for evaluating well spacing in the development of the coalbed methane resources of the San Juan

Basin". Based upon this report, and the testimony during the 2/22/91 hearing of this case, our position continues to be in support of 160 acre spacing as the proper development for our areas of operation. The Study Committee report also reaffirms our belief that development on 320 acre spacing in these areas will result in a significant amount of gas remaining undeveloped in many areas of the Fruitland Coal deposits.

In addition, we believe that 320 acre spacing in the Fruitland Coal will also result in reduced gas recoveries from the Pictured Cliffs and Fruitland Sandstone formations, particularly in areas that these formations are marginally productive. In these areas, it is likely that development will not occur on the individual merits of the Pictured Cliffs or Fruitland Sandstone, but would in conjunction with the Fruitland Coal. Thus, on a 320 acre spacing unit, the undrilled 1/4 for the Fruitland Coal will also remain undrilled in the Fruitland Sand and Pictured Cliffs formations.

Dugan agrees with the Summary and Conclusions of the San Juan Basin Coalbed Methane Committee in their 2/21/91 report which was presented to the NMOCD on 2-22-91. Based upon this report, we recommend that the NMOCD amend the temporary special pool rules as proposed in our Statement of Position filed with the NMOCD on 3/1/91.

MILLER, STRATVERT, TORGERSON & SCHLENKER, P. A.
LAW OFFICES

RANNE B. MILLER
WILLIAM K. STRATVERT
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
MARGO J. MECORMICK
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
MICHAEL H. HOSES
JAMES E. COLLINS
TIMOTHY R. BRIGGS
WALTER R. PARR
RUDOLPH LUCERO
DANIEL E. RAMCZYK
DEAN G. CONSTANTINE
DEBORAH A. SOLOVE
GARY L. GORDON

LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
C. K. MOSS
JAMES B. COONEY
LEONARD J. PADILLA
TIMOTHY S. VASQUEZ
MARTE D. LIGHTSTONE
BRADFORD K. GOODWIN
JOHN R. FUNK
J. SCOTT HALL
THOMAS R. MACK
MICHAEL J. HAPPE
DENISE BARELA SHEPHERD
MICK I. R. GUTIERREZ
NANCY AUGUSTUS
JILL BURTRAM
TERRI L. SAUER
JESUS A. SALAZAR
JOEL T. NEWTON
SILVIA E. CANO

ALBUQUERQUE
500 MARQUETTE, N. W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125
TELEPHONE: (505) 842-1950
FACSIMILE: (505) 243-4408

LAS CRUCES
277 EAST AMADOR
POST OFFICE DRAWER 1231
LAS CRUCES, NM 88004
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

FARMINGTON
300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, NM 87499
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

SANTA FE
125 LINCOLN AVE., SUITE 303
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 983-9614
FACSIMILE: (505) 989-9857

KENNETH R. BRANDT (1946 - 1981)

March 1, 1991

PLEASE REPLY TO SANTA FE

Mr. David Catanach
New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: NMOCD Case No. 9420 - Establishment of Permanent Pool Rules
and Regulations for the Basin-Fruitland Coal Gas Pool

Dear Mr. Catanach:

The position of Mesa Operating Limited Partnership in the above case is as follows:

Mesa Operating Limited Partnership supports the adoption of the temporary operating rules for the Basin-Fruitland Coal Gas Pool as set out in Order No. R-8768 on a permanent basis. Further, in view of the fact that there are many combinations of reservoir properties in parts of the pool where spacing on a basis other than 320 acres may be appropriate, Mesa advocates that the permanent rules include a provision allowing for operator applications for alternative spacing on a case by case basis.

Very truly yours,



J. Scott Hall

JSH/mp

cc: All Counsel of Record
Dugan Production Company
Koch Exploration Company
ICF Resources, Inc.
Gas Research Institute

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 9420 (Reopened)

IN THE MATTER OF CASE 9420 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF DIVISION ORDER NO. R-8768, WHICH
ORDER CREATED THE BASIN-FRUITLAND
COAL GAS POOL, SAN JUAN COUNTY, NEW
MEXICO.

STATEMENT OF POSITION BY
UNION OIL COMPANY OF CALIFORNIA

This Statement of Position is filed by Union Oil
Company of California (Unocal) as requested by the Examiner
on February 22, 1991:

It is the position of Unocal that 320 acre spacing
rules for the Pool be made permanent, but that operators be
allowed to request permission to drill additional wells on a
320 acre unit for limited, defined areas of the pool as
proposed on Exhibit A attached hereto.

In support of the findings and conclusions on
Exhibit A, Unocal asserts that the Coalbed Methane Committee
originally recommended the adoption of a provision in the
pool rules allowing the drilling of additional wells on 320
acre units, and that position has not changed. Cf. Order
No. R-8768, Finding Paragraph 15; and Conclusions of Exhibit
A, Case No. R-9420 (Reopened).

Unocal supports the rule changes proposed by
Meridian Oil Inc.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By 

James Bruce
500 Marquette, N.W.
Suite 800
Albuquerque, N.M. 87102
(505) 768-1500

Attorneys for Unocal

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of
the foregoing pleading was mailed this 5th day of March,
1991 to:

Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

J. Scott Hall
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

Richard L. C. Virtue
P. O. Box 2187
Santa Fe, New Mexico 87504

Kent Craig
650 South Cherry Street
Suite 1225
Denver, Colorado 80222

Janet Kae Krause
Koch Exploration Company
P. O. Box 2256
Wichita, Kansas 67201

John A. Dean, Jr.
P. O. Drawer 1259
Farmington, New Mexico 87499

Paul Cooter
P. O. Box 1357
Santa Fe, New Mexico 87504

Eric Nitcher
Amoco Production Company
P. O. Box 800
Denver, Colorado 80201

By



James Bruce

FINDING NO. _____: There are areas of the pool where combinations of reservoir properties may justify the drilling of additional wells on standard 320 acre units or approved non-standard units.

FINDING NO. _____: Individual operators should be allowed, on a case-by-case basis, to present evidence to the Division to support the drilling of additional wells on standard 320 acre units or approved non-standard units for limited, defined areas of the pool.

RULE _____: Individual operators may apply to the Division for an exception to Rule 4 to allow the drilling of additional wells on standard 320 acre units or on approved non-standard units in specific, defined areas of the pool. Such exception shall be granted only after notice and hearing.

Written notice of such application shall be given to operators of wells, owners of undrilled leases, and unleased mineral owners within the boundaries of the area for which drilling of additional wells is requested, and to all operators of wells within one mile of such area. Notice shall be limited to owners of rights in the Basin-Fruitland Coal Gas Pool. Notice may be provided by first class mail.

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:

IN THE MATTER OF CASE 9420 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF DIVISION ORDER NO. R-8768,
WHICH ORDER CREATED THE BASIN-
FRUITLAND COAL GAS POOL, SAN JUAN
COUNTY, NEW MEXICO.

Case No. 9420
(Reopened)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Union Oil Company of California as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

PARTY	ATTORNEY
Union Oil Company of California 3300 North Butler, Suite 200 Farmington, N.M. 87401 (505) 326-7600 Attention: Bill Hering	James Bruce Hinkle, Cox, Eaton, Coffield & Hensley 500 Marquette, N.W. Suite 800 Albuquerque, N.M. 87102 (505) 768-1500
OTHER PARTIES	ATTORNEY

See case file.

STATEMENT OF UNOCAL'S POSITION

Union Oil Company of California will propose that 320 acre spacing be made permanent, but that individual operators be allowed to apply to the Division, on a case-by-case basis, for authorization to drill additional wells on standard 320 acre units or approved non-standard units.

UNOCAL'S PROPOSED EVIDENCE

WITNESS	EST. TIME	EXHIBITS
John McElhiney (Vice-President of ICF Resources Inc.)	15 minutes	Exhibit A introduced at 2/22/91 hearing.

POTENTIAL WITNESS

Bill Hering (Unocal Engineer)	15 minutes	1) Coal Isopach map for the for the Rincon Unit. 2) Geologic cross- section from the Rincon Unit. 3) History match of past coal production/ model validation. 4) Predicted future production. 5) Coal perme- ability from pressure buildup analysis. 6) Predicted drainage map.
----------------------------------	------------	---

PROCEDURAL MATTERS

-None-

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By 

James Bruce
500 Marquette, N.W.
Suite 800
Albuquerque, N.M. 87102
(505) 768-1500

Attorneys for Unocal

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of
the foregoing pleading was mailed this 11th day of March,
1991 to:

Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

J. Scott Hall
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

Richard L. C. Virtue
P. O. Box 2187
Santa Fe, New Mexico 87504


Kent Craig
650 South Cherry Street
Suite 1225
Denver, Colorado 80222

Janet Kae Krause
Koch Exploration Company
P. O. Box 2256
Wichita, Kansas 67201

John A. Dean, Jr.
P. O. Drawer 1259
Farmington, New Mexico 87499

Paul Cooter
P. O. Box 1357
Santa Fe, New Mexico 87504

Eric Nitcher
Amoco Production Company
P. O. Box 800
Denver, Colorado 80201

By 
James Bruce

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. 9420
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN, RIO ARRIBA,
MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO

THIRD PRE-HEARING STATEMENT OF
NASSAU RESOURCES, INC. ("NASSAU")

As required by the Hearing Officer at the
February 22, 1991 hearing, Nassau submits this third
pre-hearing statement.

POSITION

Nassau supports adoption of the temporary rules
as amended by its proposed Rule 6.1. In addition, Nassau
has no objection to the proposed rules changes submitted
by Meridian, and Union Oil Company of California.

EVIDENCE SUPPORTING NASSAU'S POSITION

Nassau adopts by reference its first pre-hearing
statement, which describes those portions of the San Juan

Coalbed Methane Spacing Study submitted by the San Juan Coalbed Methane Committee (Ex. A) which support its proposed rule. Further, the oral testimony submitted at the February 22, 1991 hearing supports its proposed Rule 6.1.

WITNESSES

Nassau reserves the right to present rebuttal witnesses from the list of witnesses submitted in its pre-hearing statement at the April 4, 1991 hearing in response to any evidence that may be submitted with respect to matters relevant to its proposal.

Respectfully submitted,

SUTIN, THAYER & BROWNE
A Professional Corporation

By 

Richard L. C. Virtue
300 First Interstate Plaza
P. O. Box 2187
Santa Fe, New Mexico 87504
(505) 988-5521

and

Kent Craig, Esq.
Jerome P. McHugh & Associates
Suite 1225
650 South Cherry Street
Denver, Colorado 80222
(303) 321-2111
4168b

Attorneys for Nassau
Resources, Inc., an
Operating Affiliate of
Jerome P. McHugh &
Associates, Inc.

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. 9420
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN, RIO ARRIBA,
MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO

CERTIFICATE OF SERVICE

We hereby certify that on March 11, 1991, we
served by first class mail, postage prepaid, true copies
of the Third Pre-hearing Statement of Nassau Resources,
Inc., an Operating Affiliate of Jerome P. McHugh &
Associates, Inc. on the following counsel and parties of
record:

(Hand Delivered)
Oil Conservation Division
c/o Bob Stovall, Esq.
310 Old Santa Fe Trail
Santa Fe, NM 87501

ARCO Oil and Gas Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Amoco Production Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Texaco, Inc.
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Blackwood & Nichols Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Meridian Oil Inc.
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Marathon Oil Company
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Phillips Petroleum Company
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Mesa Operating Limited
Partnership
c/o J. Scott Hall, Esq.
Miller, Stratvert,
Torgerson & Schlenker, P.A.
Suite 303
125 Lincoln Avenue
Santa Fe, NM 87501

Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499-0420

Union Oil Company of
California
c/o James G. Bruce, Esq.
Hinkle, Cox, Eaton,
Coffield & Hensley
500 Marquette, N.W., Suite 800
Albuquerque, NM 87102

ICF Resources, Inc.
c/o Bob Stovall, Esq.
P.O. Box 2088
Santa Fe, NM 87504

Gas Research Institute
c/o Bob Stovall, Esq.
P.O. Box 2088
Santa Fe, NM 87504

Koch Exploration Company
P.O. Box 2256
Wichita, Kansas 67201-2256

Respectfully submitted,

SUTIN, THAYER & BROWNE
A Professional Corporation

By 

Richard L. C. Virtue

300 First Interstate Plaza
P. O. Box 2187
Santa Fe, New Mexico 87504
(505) 988-5521

and

Kent Craig, Esq.
Jerome P. McHugh & Associates
Suite 1225
650 South Cherry Street
Denver, Colorado 80222
(303) 321-2111
4169b

Attorneys for Nassau
Resources, Inc., an
Operating Affiliate of
Jerome P. McHugh &
Associates, Inc.

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. 9420
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN, RIO ARRIBA,
MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO

SECOND PRE-HEARING STATEMENT OF
NASSAU RESOURCES, INC.

Pursuant to an oral extension of time granted by
the Hearing Examiner on March 1, 1991, Nassau Resources,
Inc. ("Nassau") submits this second pre-hearing
statement.

The Division has proposed amendment to temporary
rules adopted in Case No. 9420-Order No. R-8768.

Nassau amends its proposed additional rule to
implement Conclusion IVD of the San Juan Basin Coalbed
Methane Spacing Study to read:

Rule 6.1. Upon application of an
operator, the Division Director may

grant an exception to the requirements of Rule (4) or otherwise allow a different [~~proration unit or~~] spacing [~~unit~~] for a specific area within the pool. Upon application, the Division shall hold a hearing at which the applicant and other interested parties may submit testimony and technical data with respect to the application. The Director shall grant an application filed pursuant to this Rule 6.1 if he finds that the proposed [~~proration unit or~~] spacing [~~unit~~] will prevent waste and protect correlative rights.

Respectfully submitted,

SUTIN, THAYER & BROWNE
A Professional Corporation

By s/ Richard L. C. Virtue
Richard L. C. Virtue
300 First Interstate Plaza
P. O. Box 2187
Santa Fe, New Mexico 87504
(505) 988-5521

and

Kent Craig, Esq.
Jerome P. McHugh & Associates
Suite 1225
650 South Cherry Street
Denver, Colorado 80222
(303) 321-2111
4130b

Attorneys for Nassau
Resources, Inc., an
Operating Affiliate of
Jerome P. McHugh &
Associates, Inc.

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. 9420
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN, RIO ARRIBA,
MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO

CERTIFICATE OF SERVICE

We hereby certify that on March 4, 1991, we
served by first class mail, postage prepaid, true copies
of the Second Pre-hearing Statement of Nassau Resources,
Inc., an Operating Affiliate of Jerome P. McHugh &
Associates, Inc. on the following counsel and parties of
record:

(Hand Delivered)
Oil Conservation Division
c/o Bob Stovall, Esq.
310 Old Santa Fe Trail
Santa Fe, NM 87501

Amoco Production Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Blackwood & Nichols Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

ARCO Oil and Gas Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Texaco, Inc.
c/o William F. Carr, Esq.
Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, NM 87504

Meridian Oil Inc.
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Marathon Oil Company
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Phillips Petroleum Company
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Mesa Operating Limited
Partnership
c/o J. Scott Hall, Esq.
Miller, Stratvert,
Torgerson & Schlenker, P.A.
Suite 303
125 Lincoln Avenue
Santa Fe, NM 87501

Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499-0420

Union Oil Company of
California
c/o James G. Bruce, Esq.
Hinkle, Cox, Eaton,
Coffield & Hensley
500 Marquette, N.W., Suite 800
Albuquerque, NM 87102

ICF Resources, Inc.
c/o Bob Stovall, Esq.
P.O. Box 2088
Santa Fe, NM 87504

Gas Research Institute
c/o Bob Stovall, Esq.
P.O. Box 2088
Santa Fe, NM 87504

Koch Exploration Company
P.O. Box 2256
Wichita, Kansas 67201-2256

Respectfully submitted,

SUTIN, THAYER & BROWNE
A Professional Corporation

By s/ Richard L. C. Virtue
Richard L. C. Virtue
300 First Interstate Plaza
P. O. Box 2187
Santa Fe, New Mexico 87504
(505) 988-5521

and

Kent Craig, Esq.
Jerome P. McHugh & Associates
Suite 1225
650 South Cherry Street
Denver, Colorado 80222
(303) 321-2111
4131b

Attorneys for Nassau
Resources, Inc., an
Operating Affiliate of
Jerome P. McHugh &
Associates, Inc.

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:

RECEIVED
MAR 2 1991
OIL CONSERVATION DIVISION

CASE NO. 9420
ORDER NO. R-8768

IN THE MATTER OF CASE NO. 9420
BEING REOPENED BY THE DIVISION
TO RECONSIDER THE SPECIAL RULES
FOR THE BASIN-FRUITLAND COAL GAS
POOL, SAN JUAN COUNTY, NEW MEXICO.

MOTION FOR INFILL DRILLING
PROCEDURES FOR BASIN-FRUITLAND
COAL GAS POOL

MERIDIAN OIL INC., AMOCO PRODUCTION COMPANY, ARCO OIL &
GAS COMPANY, TEXACO, INC., MARATHON OIL COMPANY, DEVON
ENERGY CORPORATION, PHILLIPS PETROLEUM COMPANY, and BHP
PETROLEUM, INC. move that the temporary special rules and
regulations for the Basin-Fruitland Coal Gas Pool
established by Division Order R-8768 (Case No. 9420) be made
permanent based upon the evidence introduced at the hearing
of this case held on February 22, 1991, finding that said
record constitutes substantial evidence upon which to make

those rules permanent and adopting infill findings and an infill procedure as set forth on Exhibit "A" attached to this motion.

Respectfully submitted:

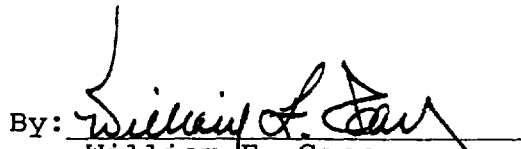
KELLAHIN, KELLAHIN & AUBREY

CAMPBELL & BLACK, P.A.

By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, NM 87504
(505) 982-4285

ATTORNEYS FOR MERIDIAN OIL
INC., PHILLIPS PETROLEUM
COMPANY, MARATHON OIL
COMPANY and BHP PETROLEUM
INC.

By: 

William F. Carr
Post Office Box 2208
Santa Fe, NM 87504
(505) 988-421

ATTORNEYS FOR AMOCO
PRODUCTION COMPANY, ARCO
OIL & GAS COMPANY, DEVON
ENERGY CORPORATION and
TEXACO, INC.

PROPOSED INFILL AMENDMENT
TO COAL GAS RULES

FINDING NO. _____: There are areas of the pool where combinations of reservoir properties may justify the drilling of a second well on standard 320 acre units or approved non-standard units.

FINDING NO. _____: Individual operators should be allowed, on a case-by-case basis, to present evidence to the Division to support the drilling of a second well on standard 320 acre units or approved non-standard units for limited, defined areas of the pool.

RULE _____: Individual operators may apply to the Division for an exception to Rule 4 to allow the drilling of a second well on standard 320 acre units or on approved non-standard units in specific, defined areas of the pool. The second well shall be located in the undrilled 1/4 section and shall be located with respect to the spacing unit boundaries as described in Rule 7. Such exception shall be granted only after notice and hearing. Any party with a mineral interest in the Basin-Fruitland Coal Gas Pool shall have standing to appear and participate.

Written notice of such application shall be sent not less than 45 days prior to hearing to operators of wells, owners of undrilled leases, and unleased mineral owners within the boundaries of the spacing unit for which the

drilling of the second well is requested, and to all operators of wells within one mile of such area. Notice shall be limited to owners of mineral rights in the Basin-Fruitland Coal Gas Pool. Notice may be provided by first class mail.

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. 9420
ORDER NO. R-8768

IN THE MATTER OF CASE NO. 9420
BEING REOPENED BY THE DIVISION
TO RECONSIDER THE SPECIAL RULES
FOR THE BASIN-FRUITLAND COAL GAS
POOL, SAN JUAN COUNTY, NEW MEXICO.

RECEIVED
MAR 28 1991
OIL CONSERVATION DIVISION

CERTIFICATE OF SERVICE

We hereby certify that on 28th day of March, 1991, we served by first class mail, postage prepaid, true copies of the Motion for Infill Drilling Procedures for Basin-Fruitland Coal Gas Pool of Meridian Oil Inc., Amoco Production Company, ARCO Oil & Gas Company, Texaco, Inc., Marathon Oil Company, Devon Energy Corporation, Phillips Petroleum Company and BHP Petroleum, Inc. on the following counsel and parties record:

(Hand Delivered)
Oil Conservation Division
c/o Bob Stovall, Esq.
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Amoco Production Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

ARCO Oil and Gas Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Texaco, Inc.
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Blackwood & Nichols Company
Devon Energy Corporation
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Marathon Oil Company
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Phillips Petroleum Company
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Mesa Operating Limited
Partnership
c/o J. Scott Hall, Esq.
Miller, Stratvert,
Torgerson & Schlenker, P.A.
125 Lincoln Avenue, Suite 303
Santa Fe, New Mexico 87504

Dugan Production Corp.
Post Office Box 420
Farmington, New Mexico 87499
Attn: John D. Roe, Jr.

BHP Petroleum Inc.
6 Desta Drive, Suite 3200
Midland, Texas 79705
Attn: Randall Davis

Conoco, Inc.
Post Office Box 2197
Houston, Texas 77252
Attn: Thomas Burton, Esq.

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attn: Tom Lowry, Esq.

Meridian Oil Inc.
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Union Oil Company of
California
c/o James G. Bruce, Esq.
Hinkle, Cox, Eaton,
Coffield & Hensley
500 Marquette, N.W., Suite 800
Albuquerque, New Mexico 87102

ICF Resources, Inc.
c/o Bob Stovall, Esq.
Post Office 2088
Santa Fe, New Mexico 87504

Gas Research Institute
c/o Bob Stovall, Esq.
Post Office Box 2088
Santa Fe, New Mexico 87504

Koch Exploration Company
Post Office Box 2256
Wichita Falls, Kansas 67201

Conoco, Inc.
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

BHP Petroleum Co.
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Phillips Petroleum Company
300 W. Arrington, Suite 200
Farmington, New Mexico 87401
Attn: Tom Moore

Nassau Resources Inc.
Jerome P. McHugh & Associates
c/o Richard Virtue
Post Office Box 2187
Santa Fe, New Mexico 87504

Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499
Attn: Alan Alexander

KELLAHIN, KELLAHIN & AUBREY

By: 

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

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. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

SECOND PRE-HEARING STATEMENT

This Second Pre-hearing Statement is submitted by
Meridian Oil Inc. to amend its statement filed February 12,
1991.

APPEARANCE OF PARTIES

PARTY

Meridian Oil Inc.
P.O. Box 4189
Farmington, NM 87499
Attn: Alan Alexander
(505) 326-9700

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

Meridian Oil Inc. supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991 with
the exception of adoption of the administrative changes
proposed by Meridian and more specifically described in
Exhibit "A" attached hereto, and with the adoption of infill

Pre-hearing Statement
NMOCD Case No. 9420
Page 2

procedures and findings as were specifically described in Exhibit "B" attached hereto, Meridian is opposed to a "down spacing" provision as proposed by Nassau Resources Inc. and Dugan Production Corp.

PROPOSED EVIDENCE

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
George Dunn (P.E.)	30-45 Min.	10 Estimated
Alan Alexander (landman)	30 Min.	8 Estimated

Copies sent per Exhibit "C."

KELLAHIN, KELLAHIN & AUBREY

By: 

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

**BASIN-FRUITLAND COAL GAS POOL RULES
PROPOSED ADMINISTRATIVE AMENDMENTS**

(Amendments underlined)

RULE 3. The Division Director may require the operator of a proposed or existing Basin-Fruitland Coal Gas Well, Fruitland Sandstone Well, or Pictured Cliffs, Sandstone Well, to submit certain data as described in Rule (2) above, which would otherwise not be required by Division Rules and Regulations, in order to demonstrate to the satisfaction of the Division that said well will be or is currently producing from the appropriate common source of supply. The confirmation by the Division that a well is producing exclusively from the Basin-Fruitland Coal Gas Pool shall consist of approval of Division Form C-104.

RULE 5. The Supervisor of the Aztec district office of the Division shall have the authority to approve a non-standard gas proration unit within the Basin-Fruitland Coal Gas pool without notice and hearing when the unorthodox size or shape is necessitated by a variation in the legal sub-division of the United States Public Lands Survey and the non-standard unit is not less than 70% nor more than 130% of a standard gas proration unit. The Supervisor shall also have the authority to approve a non-standard gas proration unit consisting of an entire governmental section which contains not less than 70% nor more than 130% of the acreage assigned to a standard gas proration unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard unit and the acreage contained therein.

RULE 6. The Division Director may grant an exception to the requirements of Rule (4) when the unorthodox size or shape of the gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and the non-standard gas proration unit is less than 70% or more than 130% of a standard gas proration unit, or where the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental half section, except as provided in paragraph (c) following.

(c) The non-standard unit conforms to a previously approved Blanco Mesaverde Pool or Basin Dakota Pool non-standard unit as evidenced by applicant's reference to the Division's order number creating the Mesaverde or Dakota non-standard unit.

PROPOSED ADMINISTRATIVE AMENDMENTS TO THE BASIN
FRUITLAND COAL GAS POOL RULES

RULE 6. (continued)

(d) The applicant presents written consent in the form of waivers from all offset operators or owners of undrilled tracts and from all operators owning interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(e) In lieu of Paragraph (d) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties were notified by registered or certified mail of his intent to form such non-standard unit. The Division Director may approve the application if not such party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application.

(f) The Division Director, at his discretion, may set any application under Rule (6) for public hearing.

**PROPOSED INFILL AMENDMENT
TO COAL GAS RULES**

FINDING NO. _____ : There are areas of the pool where combinations of reservoir properties may justify the drilling of a second well on standard 320 acre units or approved non-standard units.

FINDING NO. _____ : Individual operators should be allowed, on a case-by-case basis, to present evidence to the Division to support the drilling of a second well on standard 320 acre units or approved non-standard units for limited, defined areas of the pool.

RULE _____ : Individual operators may apply to the Division for an exception to Rule 4 to allow the drilling of a second well on standard 320 acre units or on approved non-standard units in specific, defined areas of the pool. The second well shall be located in the undrilled 1/4 section and shall be located with respect to the spacing unit boundaries as described in Rule 7. Such exception shall be granted only after notice and hearing. Any party with a mineral interest in the Basin-Fruitland Coal Gas Pool shall have standing to appear and participate.

Written notice of such application shall be sent not less than 45 days prior to hearing to operators of wells, owners of undrilled leases, and unleased mineral owners within the boundaries of the spacing unit for which the

drilling of the second well is requested, and to all operators of wells within one mile of such area. Notice shall be limited to owners of mineral rights in the Basin-Fruitland Coal Gas Pool. Notice may be provided by first class mail.

CERTIFICATE OF SERVICE

We hereby certify that on 28th day of March, 1991, we served by first class mail, postage prepaid, true copies of the Pre-hearing Statement of Meridian Oil Inc. on the following counsel and parties record:

(Hand Delivered)
Oil Conservation Division
c/o Bob Stovall, Esq.
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Amoco Production Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Blackwood & Nichols Company
Devon Energy Corporation
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Marathon Oil Company
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Phillips Petroleum Company
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

ARCO Oil and Gas Company
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Texaco, Inc.
c/o William F. Carr, Esq.
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504

Meridian Oil Inc.
c/o W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Union Oil Company of
California
c/o James G. Bruce, Esq.
Hinkle, Cox, Eaton,
Coffield & Hensley
500 Marquette, N.W., Suite 800
Albuquerque, New Mexico 87102

ICF Resources, Inc.
c/o Bob Stovall, Esq.
Post Office 2088
Santa Fe, New Mexico 87504

EXHIBIT "C"

Mesa Operating Limited
Partnership
c/o J. Scott Hall, Esq.
Miller, Stratvert,
Torgerson & Schlenker, P.A.
125 Lincoln Avenue, Suite 303
Santa Fe, New Mexico 87504

Dugan Production Corp.
Post Office Box 420
Farmington, New Mexico 87499
Attn: John D. Roe, Jr.

BHP Petroleum Co.
6 Desta Drive, Suite 3200
Midland, Texas 79705
Attn: Randall Davis

Conoco, Inc.
Post Office Box 2197
Houston, Texas 77252
Attn: Thomas Burton, Esq.

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attn: Tom Lowry, Esq.

Nassau Resources Inc.
Jerome P. McHugh & Associates
c/o Richard Virtue
Post Office Box 2187
Santa Fe, New Mexico 87504

Gas Research Institute
c/o Bob Stovall, Esq.
Post Office Box 2088
Santa Fe, New Mexico 87504

Koch Exploration Company
Post Office Box 2256
Wichita Falls, Kansas 67201

Conoco, Inc.
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

BHP Petroleum Co.
c/o W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Phillips Petroleum Company
300 W. Arrington, Suite 200
Farmington, New Mexico 87401
Attn: Tom Moore

Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499
Attn: Alan Alexander

KELLAHIN, KELLAHIN & AUBREY

By: 

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

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

RECEIVED

MAR 29 1991

OIL CONSERVATION DIV.
CASE NO. 9420
SANTA FE

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

IN THE MATTER OF CASE 9420 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION
ORDER NO. R-8768, WHICH ORDER
CREATED THE BASIN-FRUITLAND COAL GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

SECOND PRE-HEARING STATEMENT

This Second Prehearing Statement is submitted by William F. Carr, to amend Amoco's statement previously filed in this case.

APPEARANCES OF PARTIES

APPLICANT

name, address, phone and
contact person

ATTORNEY

()

OPPOSITION OR OTHER PARTY

Amoco Production Company_____
Post Office Box 800_____
Denver, Colorado 80201_____
Attn: Eric Nitcher_____
(303) 830-4422

name, address, phone and
contact person

ATTORNEY

William F. Carr_____
Campbell & Black, P.A._____
Post Office Box 2208_____
Santa Fe, New Mexico 87504_____
(505) 988-4421_____

STATEMENT OF CASE

APPLICANT

In the matter of Case 9420 being reopened pursuant to the provisions of Division Order No. R-8768, which order created the Basin-Fruitland Coal Gas Pool in San Juan County and promulgated temporary special rules and regulations therefor.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Amoco Production Company supports adoption of the temporary rules for the Basin-Fruitland Coal Gas Pool as permanent rules for this pool as amended by its Motion filed March 28, 1991.

Amoco also supports amendments to these rules proposed by Meridian Oil, Inc.

PROPOSED EVIDENCE

APPLICANT

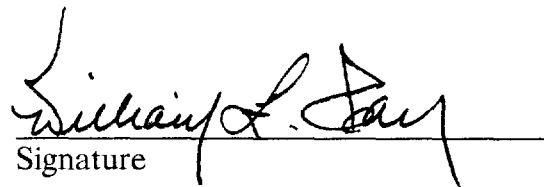
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Bill Hawkins (petroleum engineer)	20 minutes	approximately 5

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

None.


Signature

**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. 9420

IN THE MATTER OF CASE 9420 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION
ORDER NO. R-8768, WHICH ORDER
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SAN JUAN COUNTY, NEW MEXICO.

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APR 4 1991
OIL CONSERVATION DIVISION
SANTA FE

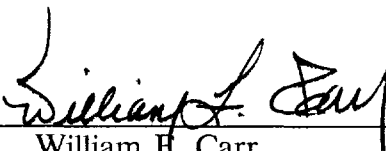
**POSITION STATEMENT
OF TEXACO, INC.**

Texaco, Inc. will appear and present testimony at the April 4, 1991 Oil Conservation Commission hearing in the above referenced case.

Texaco recommends adoption of the temporary rules for the Basin Fruitland Coal Pool as permanent rules for this pool.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
William H. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for Texaco, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 17 day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of Texaco, Inc. to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

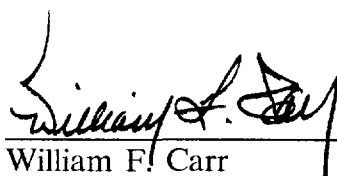
John A. Dean, Jr.
Post Office Drawer 1259
Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
Santa Fe, New Mexico 87504



William F. Carr

**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:

IN THE MATTER OF CASE 9420 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION
ORDER NO. R-8768, WHICH ORDER
CREATED THE BASIN-FRUITLAND COAL GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 9420

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MAR 01 1991

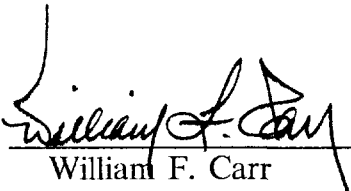
OIL CONSERVATION DIV.
SANTA FE

POSITION STATEMENT
OF BLACKWOOD & NICHOLS CO. A LIMITED PARTNERSHIP

Blackwood & Nichols Co. a Limited Partnership recommends adoption of the temporary rules for the Basin Fruitland Coal Pool as permanent rules for this pool.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for Blackwood &
Nichols Co. a
Limited Partnership

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of Blackwood & Nichols Co. a Limited Partnership to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

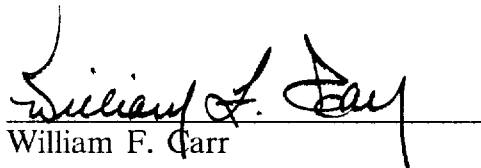
John A. Dean, Jr.
Post Office Drawer 1259
Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
Santa Fe, New Mexico 87504


William F. Carr

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

IN THE MATTER OF THE HEARING
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CASE NO. 9420

IN THE MATTER OF CASE 9420 BEING REOPENED
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MAR 01 1991

OIL CONSERVATION DIV.
SANTA FE

POSITION STATEMENT
OF AMOCO PRODUCTION COMPANY

Amoco Production Company will appear and present testimony at the April 4, 1991
Oil Conservation Commission hearing in the above referenced case.

Amoco recommends adoption of the temporary rules for the Basin Fruitland Coal
Pool as permanent rules for this pool.

Amoco supports the amendments to these rules proposed by Meridian Oil, Inc.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 

William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for Amoco
Production Company

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of Amoco Production Company to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102


John A. Dean, Jr.
Post Office Drawer 1259
Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
Santa Fe, New Mexico 87504



William F. Carr

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

IN THE MATTER OF THE HEARING
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DIVISION FOR THE PURPOSE OF
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CASE NO. 9420

IN THE MATTER OF CASE 9420 BEING REOPENED
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OIL CONSERVATION DIV.
SANTA FE

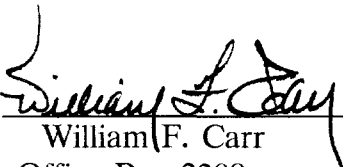
**POSITION STATEMENT
OF ARCO OIL & GAS COMPANY**

ARCO Oil & Gas Company will appear and present testimony at the April 4, 1991
Oil Conservation Commission hearing in the above referenced case.

ARCO recommends adoption of the temporary rules for the Basin Fruitland Coal
Pool as permanent rules for this pool.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

Attorneys for ARCO Oil
& Gas Company

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 1991, I have caused to be mailed a true and correct copy of the Position Statement of ARCO Oil & Gas Company to the following:

James G. Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette, NW, Suite 800
Albuquerque, New Mexico 87102

John A. Dean, Jr.
Post Office Drawer 1259
Farmington, New Mexico 87449

J. Scott Hall
Miller, Stratvert, Torgerson & Schlenker, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

Joanne Reuter
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Richard L. Virtue, Jr.
Sutin, Thayer & Browne
Post Office Box 2187
Santa Fe, New Mexico 87504



William F. Carr

ALBERT W. WELLS AND DAUBREY

March 1, 1991

200 West 11th Street
New York, NY 10011

Dear Mr. [Name]:
Reference is made to your letter of February 28, 1991.

On February 28, 1991, at least of Meridian [Name] advised the Director and forwarded to Dugan [Name] a statement which [Name] administrative changes in the coal gas [Name].

It is noted that your Pre-hearing Statement was filed on February 28, 1991 prior to Dugan's [Name] appearance in this case.

It is noted that your filing of this week to disclose Mr. [Name] Engineer, Meridian, as a potential [Name].

It is noted that the [Name] not proceeding [Name] stated: "If you have any [Name] please advise [Name] your attorney [Name]."

Very regards


Albert Wells

John D. Roe, Jr.
March 25, 1991
Page 2

VIA FAX: (505) 827-5741
Robert G. Stovall

VIA FAX: (505) 326-9833
Alan Alexander

1. The purpose of this document is to provide a comprehensive overview of the current status of the project and to identify the key challenges that must be addressed in order to ensure its successful completion.

2. The project has been initiated in accordance with the terms of the contract and is currently in the planning phase. The primary objective is to develop a robust system that meets the requirements of the client and is scalable and secure.

3. The following table provides a summary of the project's progress to date:

4. The project team has identified several key risks that could impact the project's timeline and budget. These risks include:

- Resource availability
- Scope creep
- Technical challenges

5. To mitigate these risks, the project manager has implemented a series of controls and monitoring mechanisms. These include:

6. The project team will continue to monitor the project's progress and will provide regular updates to the client. It is expected that the project will be completed by the end of the fiscal year.

7. The following table provides a summary of the project's budget:

8. The project budget is currently on track and is within the allocated funds. The project manager will continue to monitor the budget and will provide regular updates to the client.

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APPENDIX A - WORKING LIST

- 1. [illegible]
- 2. [illegible]
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- 90. [illegible]
- 91. [illegible]
- 92. [illegible]
- 93. [illegible]
- 94. [illegible]
- 95. [illegible]
- 96. [illegible]
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- 100. [illegible]

RECEIVED

MAR 01 1991

OIL CONSERVATION DIV.
SANTA FE

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. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Meridian Oil Inc. as
required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

Meridian Oil Inc.
P.O. Box 4189
Farmington, NM 87499
Attn: Alan Alexander
(505) 326-9700

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

Meridian Oil Inc. supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991 with
the exception of adoption of the administrative changes
proposed by Meridian and more specifically described in
Exhibit "A" attached hereto.

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

BASIN-FRUITLAND COAL GAS POOL RULES
PROPOSED ADMINISTRATIVE AMENDMENTS

(Amendments underlined)

RULE 3. The Division Director may require the operator of a proposed or existing Basin-Fruitland Coal Gas Well, Fruitland Sandstone Well, or Pictured Cliffs Sandstone Well, to submit certain data as described in Rule (2) above, which would otherwise not be required by Division Rules and Regulations, in order to demonstrate to the satisfaction of the Division that said well will be or is currently producing from the appropriate common source of supply. The confirmation by the Division that a well is producing exclusively from the Basin-Fruitland Coal Gas Pool shall consist of approval of Division Form C-104.

RULE 5. The Supervisor of the Aztec district office of the Division shall have the authority to approve a non-standard gas proration unit within the Basin-Fruitland Coal Gas pool without notice and hearing when the unorthodox size or shape is necessitated by a variation in the legal sub-division of the United States Public Lands Survey and the non-standard unit is not less than 70% nor more than 130% of a standard gas proration unit. The Supervisor shall also have the authority to approve a non-standard gas proration unit consisting of an entire governmental section which contains not less than 70% nor more than 130% of the acreage assigned to a standard gas proration unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard unit and the acreage contained therein.

RULE 6. The Division Director may grant an exception to the requirements of Rule (4) when the unorthodox size or shape of the gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and the non-standard gas proration unit is less than 70% or more than 130% of a standard gas proration unit, or where the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental half section, except as provided in paragraph (c) following.

(c) The non-standard unit conforms to a previously approved Blanco Mesaverde Pool or Basin Dakota Pool non-standard unit as evidenced by applicant's reference to the Division's order number creating the Mesaverde or Dakota non-standard unit.

PROPOSED ADMINISTRATIVE AMENDMENTS THE BASIN
FRUITLAND COAL GAS POOL RULES

RULE 6. (continued)

(d) The applicant presents written consent in the form of waivers from all offset operators or owners of undrilled tracts and from all operators owning interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(e) In lieu of Paragraph (d) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties were notified by registered or certified mail of his intent to form such non-standard unit. The Division Director may approve the application if no such party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application.

(f) The Division Director, at his discretion, may set any application under Rule (6) for public hearing.

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. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Phillips Petroleum
Company as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY	ATTORNEY
Phillips Petroleum Company 300 W. Arrington, Ste 200 Farmington, NM 87401 Attn: Tom Moore (505) 599-3400	W. Thomas Kellahin KELLAHIN, KELLAHIN & AUBREY P.O. Box 2265 Santa Fe, NM 87504 (505) 982-4285

STATEMENT OF POSITION

Phillips Petroleum Company supports making the current
Basin Fruitland Coal Gas Rules permanent based upon the
record made at the Examiner hearing held on February 22,
1991.

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OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

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. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Conoco, Inc. as required
by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

Conoco, Inc.
P.O. Box 2197
Houston, TX 77252
Attn: Thomas Burton, Esq.
(713) 293-1000

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

Conoco, Inc. supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991.

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OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

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. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by BHP Petroleum Co., Inc.
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

BHP Petroleum Co., Inc.
6 Desta Dr., Ste 3200
Midland, TX 79705
Attn: Randall Davis
(915) 688-1800

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF POSITION

BHP Petroleum Co., Inc. supports making the current
Basin Fruitland Coal Gas Rules permanent based upon the
record made at the Examiner hearing held on February 22,
1991.

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OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By: 

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

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. 9420
ORDER NO. R-8768

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
(OCD) ON ITS OWN MOTION TO REOPEN
CASE NO. 9420

STATEMENT OF POSITION

This statement is submitted by Marathon Oil Company as
required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY	ATTORNEY
Marathon Oil Company P.O. Box 552 Midland, TX 79702 Attn: Tom Lowry, Esq. (915) 687-8143	W. Thomas Kellahin KELLAHIN, KELLAHIN & AUBREY P.O. Box 2265 Santa Fe, NM 87504 (505) 982-4285

STATEMENT OF POSITION

Marathon Oil Company supports making the current Basin
Fruitland Coal Gas Rules permanent based upon the record
made at the Examiner hearing held on February 22, 1991.

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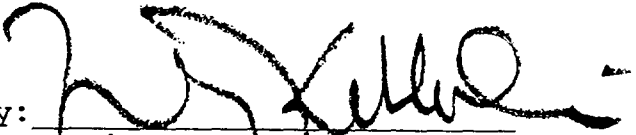
MAR 01 1991

OIL CONSERVATION DIV.
SANTA FE

Statement of Position
NMOCD Case No. 9420
Page 2

KELLAHIN, KELLAHIN & AUBREY

By:



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

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. 9420 (Reopened)
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION PURSUANT TO THE PROVISIONS
OF DIVISION ORDER R-8768 FOR THE PURPOSE OF
ESTABLISHING PERMANENT SPECIAL POOL RULES
FOR THE BASIN-FRUITLAND COAL GAS POOL
LOCATED IN SAN JUAN, RIO ARRIBA, MCKINLEY
AND SANDOVAL COUNTIES, NEW MEXICO

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OIL CONSERVATION DIVISION

STATEMENT OF POSITION

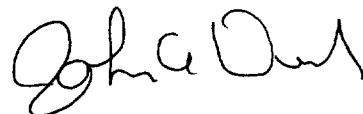
Dugan Production Corp. ("Dugan") as directed by the hearing examiner during the 2/22/91 hearing of Case No. 9420 (Reopened) and based upon the Summary and Conclusions presented by the San Juan Basin Coalbed Methane Committee in their report to the (OCD) and testimony during the 2/22/91 hearing of Case 9420 (Reopened), proposes that the temporary Pool Rules for the Basin-Fruitland Coal Gas Pool, promulgated by the Division Order R-8768, be adopted and made permanent upon amending, to include the following additional rules.

PROPOSED AMENDMENTS TO TEMPORARY RULES
ADOPTED IN CASE NO. 9420 - ORDER NO. R-8768

A) Rule 4.1. The Division Director shall have the authority to grant an application to drill a second well (infill well) within a standard spacing unit. The infill well shall be located in the undrilled 1/4 section and shall be located with respect to the spacing unit boundaries as described in Rule 7. The Division Director may approve the application without hearing, upon the applicant providing proof of notice of the application to offset operators and working interest owners of undrilled tracts and in the absence of objection by any party receiving notice. Upon receiving an objection from any offsetting party, the application will be acted upon only after notice and hearing.

B) Rule 6.1. Upon application of an operator, the Division Director may grant an exception to the requirements of Rule (4) or otherwise establish a proration unit or spacing unit, other than 320 acres, for a specific area within the pool. The Division Director shall have the authority to approve the application without hearing provided the applicant presents written consent in the form of waivers from all operators or owners of undrilled tracts offsetting the area and from all operators owning interests within the area affected. In lieu of written consent, the applicant may furnish proof of the fact that all involved parties were notified of such application by registered or certified mail. The Division Director may approve the application if no such party has entered an objection within thirty (30) days after the Division Director receives the application. If any party should timely file an objection, the Division shall hold a hearing at which the applicant and other interested parties may submit testimony and technical data with respect to the application. The Director shall grant an application field pursuant to Rule 6.1 if he finds that the proposed proration or spacing unit will prevent waste and protect correlative rights.

Respectfully Submitted



Att'y For Dugan Production

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

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

MAR 1 1991

OIL CONSERVATION DIVISION

CASE NO. 9420 (Reopened)
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION PURSUANT TO THE PROVISIONS
OF DIVISION ORDER R-8768 FOR THE PURPOSE OF
ESTABLISHING PERMANENT SPECIAL POOL RULES
FOR THE BASIN-FRUITLAND COAL GAS POOL
LOCATED IN SAN JUAN, RIO ARRIBA, MCKINLEY
AND SANDOVAL COUNTIES, NEW MEXICO

PREHEARING STATEMENT

Dugan Production Corp. ("Dugan") as directed by the hearing examiner during the 2/22/91 hearing of Case No. 9420 (Reopened) presents herein our Prehearing Statement for the 4/4/91 hearing of Case No. 9420 (Reopened).

Dugan Production Corp. has been active in oil and gas development throughout the San Juan Basin area since 1959 and has produced natural gas from coal beds since the early 1970s. We actively participated in the initial special pool rules hearing held on July 6, 1988, and at that hearing supported 160 acre spacing units for the development of natural gas from the Fruitland Coal within some areas of the Fruitland Coal development.

It was our contention at the initial hearing that in the areas we had operating experience, 160 acre spacing was proper since natural fracturing within the coal in our general areas of operation was not developed to the same degree it was in some areas of the Fruitland Coal development. In the absence of natural fracture development, 160 acre drainage areas are more realistic for the Fruitland Coal and it was our opinion that there was no data within these areas to support the 320 acre spacing units sought poolwide based upon data predominantly from areas of the Fruitland Coal development which also had a greater amount of natural fracturing. In addition, we testified that the Fruitland Coal and Pictured Cliffs formation within the area of our operation could not be isolated into separate reservoirs either because there is no barrier, or at best an ineffective barrier exists, between the two formations. We agree that isolation does exist in some areas, but not basin-wide.

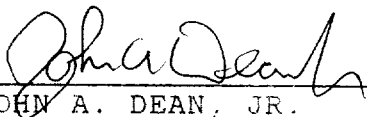
Two and a half years have passed since the initial hearing and a significant amount of time, effort and money has been expended to more clearly define the proper spacing for development of the Fruitland Coal. It is our understanding that the report prepared by the San Juan Basin Coalbed Methane Committee, and presented to the OCD at the 2/22/91 hearing of the subject case, incorporates a large part of the data collected and is the joint effort of operators throughout the San Juan Basin "to develop an appropriate methodology for evaluating well spacing in the development of the coalbed methane resources of the San Juan

Easin". Based upon this report, and the testimony during the 2/22/91 hearing of this case, our position continues to be in support of 160 acre spacing as the proper development for our areas of operation. The Study Committee report also reaffirms our belief that development on 320 acre spacing in these areas will result in a significant amount of gas remaining undeveloped in many areas of the Fruitland Coal deposits.

In addition, we believe that 320 acre spacing in the Fruitland Coal will also result in reduced gas recoveries from the Pictured Cliffs and Fruitland Sandstone formations, particularly in areas that these formations are marginally productive. In these areas, it is likely that development will not occur on the individual merits of the Pictured Cliffs or Fruitland Sandstone, but would in conjunction with the Fruitland Coal. Thus, on a 320 acre spacing unit, the undrilled 1/4 for the Fruitland Coal will also remain undrilled in the Fruitland Sand and Pictured Cliffs formations.

Dugan agrees with the Summary and Conclusions of the San Juan Basin Coalbed Methane Committee in their 2/21/91 report which was presented to the NMOCD on 2-22-91. Based upon this report, we recommend that the NMOCD amend the temporary special pool rules as proposed in our Statement of Position filed with the NMOCD on 3/1/91.

At this time, Dugan Production Corp. does not plan to present testimony at the 4/4/91 hearing of the subject case. We believe that the testimony of the San Juan Basin Coalbed Methane Committee representatives during the 2/22/91 hearing of this case adequately supports our proposed amendments to the Basin Fruitland Coal Special Pool Rules.



JOHN A. DEAN, JR.
Attorney for Dugan Production
P.O. Drawer 1259
Farmington, N.M. 87499
(505) 327-6031

MILLER, STRATVERT, TORGERSON & SCHLENKER, P. A.
LAW OFFICES

RANNE B. MILLER
WILLIAM K. STRATVERT
ALAN C. TORGERSON
KENDALL O. SCHLENKER
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
MARGO J. MECORMICK
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
MICHAEL H. HOSES
JAMES B. COLLINS
TIMOTHY R. BRIGGS
WALTER R. PARR
RUDOLPH LUCERO
DANIEL E. RAMCZYK
DEAN G. CONSTANTINE
DEBORAH A. SOLOVE
GARY L. GORDON

LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
C. K. MOSS
JAMES B. COONEY
LEONARD J. PADILLA
TIMOTHY S. VASQUEZ
MARTE D. LIGHTSTONE
BRADFORD K. GOODWIN
JOHN R. FUNK
J. SCOTT HALL
THOMAS R. MACK
MICHAEL J. HAPPE
DENISE BARELA SHEPHERD
MICK I. R. GUTIERREZ
NANCY AUGUSTUS
JILL BURTRAM
TERRI L. SAUER
JESUS A. SALAZAR
JOEL T. NEWTON
SILVIA E. CANO

ALBUQUERQUE

500 MARQUETTE, N. W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125
TELEPHONE: (505) 842-1950
FACSIMILE: (505) 243-4408

LAS CRUCES

277 EAST AMADOR
POST OFFICE DRAWER 1231
LAS CRUCES, NM 88004
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

FARMINGTON

300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, NM 87499
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

SANTA FE

125 LINCOLN AVE., SUITE 303
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 969-9857

KENNETH R. BRANDT (1946 - 1981)

March 1, 1991

PLEASE REPLY TO SANTA FE

Mr. David Catanach
New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

HAND DELIVERED

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Re: NMOCD Case No. 9420 - Establishment of Permanent Pool Rules
and Regulations for the Basin-Fruitland Coal Gas Pool

OIL CONSERVATION DIVISION

Dear Mr. Catanach:

The position of Mesa Operating Limited Partnership in the above case is as follows:

Mesa Operating Limited Partnership supports the adoption of the temporary operating rules for the Basin-Fruitland Coal Gas Pool as set out in Order No. R-8768 on a permanent basis. Further, in view of the fact that there are many combinations of reservoir properties in parts of the pool where spacing on a basis other than 320 acres may be appropriate, Mesa advocates that the permanent rules include a provision allowing for operator applications for alternative spacing on a case by case basis.

Very truly yours,



J. Scott Hall

JSH/mp

cc: All Counsel of Record
Dugan Production Company
Koch Exploration Company
ICF Resources, Inc.
Gas Research Institute

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 9420 (Reopened)

IN THE MATTER OF CASE 9420 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF DIVISION ORDER NO. R-8768, WHICH
ORDER CREATED THE BASIN-FRUITLAND
COAL GAS POOL, SAN JUAN COUNTY, NEW
MEXICO.

STATEMENT OF POSITION BY
UNION OIL COMPANY OF CALIFORNIA

This Statement of Position is filed by Union Oil Company of California (Unocal) as requested by the Examiner on February 22, 1991:

It is the position of Unocal that 320 acre spacing rules for the Pool be made permanent, but that operators be allowed to request permission to drill additional wells on a 320 acre unit for limited, defined areas of the pool as proposed on Exhibit A attached hereto.

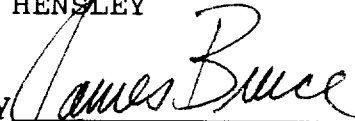
In support of the findings and conclusions on Exhibit A, Unocal asserts that the Coalbed Methane Committee originally recommended the adoption of a provision in the pool rules allowing the drilling of additional wells on 320 acre units, and that position has not changed. Cf. Order No. R-8768, Finding Paragraph 15; and Conclusions of Exhibit A, Case No. R-9420 (Reopened).

Unocal supports the rule changes proposed by
Meridian Oil Inc.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

BY


James Bruce
500 Marquette, N.W.
Suite 800
Albuquerque, N.M. 87102
(505) 768-1500

Attorneys for Unocal

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of
the foregoing pleading was mailed this 5th day of March,
1991 to:

Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

J. Scott Hall
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

Richard L. C. Virtue
P. O. Box 2187
Santa Fe, New Mexico 87504

Kent Craig
650 South Cherry Street
Suite 1225
Denver, Colorado 80222

Janet Kae Krause
Koch Exploration Company
P. O. Box 2256
Wichita, Kansas 67201

FINDING NO. _____: There are areas of the pool where combinations of reservoir properties may justify the drilling of additional wells on standard 320 acre units or approved non-standard units.

FINDING NO. _____: Individual operators should be allowed, on a case-by-case basis, to present evidence to the Division to support the drilling of additional wells on standard 320 acre units or approved non-standard units for limited, defined areas of the pool.

RULE _____: Individual operators may apply to the Division for an exception to Rule 4 to allow the drilling of additional wells on standard 320 acre units or on approved non-standard units in specific, defined areas of the pool. Such exception shall be granted only after notice and hearing.

Written notice of such application shall be given to operators of wells, owners of undrilled leases, and unleased mineral owners within the boundaries of the area for which drilling of additional wells is requested, and to all operators of wells within one mile of such area. Notice shall be limited to owners of rights in the Basin-Fruitland Coal Gas Pool. Notice may be provided by first class mail.

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:

IN THE MATTER OF CASE 9420 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF DIVISION ORDER NO. R-8768,
WHICH ORDER CREATED THE BASIN-
FRUITLAND COAL GAS POOL, SAN JUAN
COUNTY, NEW MEXICO.

Case No. 9420
(Reopened)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Union Oil Company of California as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

PARTY

ATTORNEY

Union Oil Company of California
3300 North Butler, Suite 200
Farmington, N.M. 87401
(505) 326-7600
Attention: Bill Hering

James Bruce
Hinkle, Cox, Eaton,
Coffield & Hensley
500 Marquette, N.W.
Suite 800
Albuquerque, N.M. 87102
(505) 768-1500

OTHER PARTIES

ATTORNEY

See case file.

STATEMENT OF UNOCAL'S POSITION

Union Oil Company of California will propose that 320 acre spacing be made permanent, but that individual operators be allowed to apply to the Division, on a case-by-case basis, for authorization to drill additional wells on standard 320 acre units or approved non-standard units.

UNOCAL'S PROPOSED EVIDENCE

WITNESS	EST. TIME	EXHIBITS
John McElhiney (Vice-President of ICF Resources Inc.)	15 minutes	Exhibit A introduced at 2/22/91 hearing.

POTENTIAL WITNESS

Bill Hering (Unocal Engineer)	15 minutes	1) Coal Isopach map for the for the Rincon Unit. 2) Geologic cross- section from the Rincon Unit. 3) History match of past coal production/ model validation. 4) Predicted future production. 5) Coal perme- ability from pressure buildup analysis. 6) Predicted drainage map.
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PROCEDURAL MATTERS

-None-

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By 

James Bruce
500 Marquette, N.W.
Suite 800
Albuquerque, N.M. 87102
(505) 768-1500

Attorneys for Unocal

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of
the foregoing pleading was mailed this 11th day of March,
1991 to:

Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

J. Scott Hall
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501

Richard L. C. Virtue
P. O. Box 2187
Santa Fe, New Mexico 87504


Kent Craig
650 South Cherry Street
Suite 1225
Denver, Colorado 80222

Janet Kae Krause
Koch Exploration Company
P. O. Box 2256
Wichita, Kansas 67201

John A. Dean, Jr.
P. O. Drawer 1259
Farmington, New Mexico 87499

Paul Cooter
P. O. Box 1357
Santa Fe, New Mexico 87504

Eric Nitcher
Amoco Production Company
P. O. Box 800
Denver, Colorado 80201

BY 
James Bruce

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. 9420
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN, RIO ARRIBA,
MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO

THIRD PRE-HEARING STATEMENT OF
NASSAU RESOURCES, INC. ("NASSAU")

As required by the Hearing Officer at the
February 22, 1991 hearing, Nassau submits this third
pre-hearing statement.

POSITION

Nassau supports adoption of the temporary rules
as amended by its proposed Rule 6.1. In addition, Nassau
has no objection to the proposed rules changes submitted
by Meridian, and Union Oil Company of California.

EVIDENCE SUPPORTING NASSAU'S POSITION

Nassau adopts by reference its first pre-hearing
statement, which describes those portions of the San Juan

Coalbed Methane Spacing Study submitted by the San Juan Coalbed Methane Committee (Ex. A) which support its proposed rule. Further, the oral testimony submitted at the February 22, 1991 hearing supports its proposed Rule 6.1.

WITNESSES

Nassau reserves the right to present rebuttal witnesses from the list of witnesses submitted in its pre-hearing statement at the April 4, 1991 hearing in response to any evidence that may be submitted with respect to matters relevant to its proposal.

Respectfully submitted,

SUTIN, THAYER & BROWNE
A Professional Corporation

By 

Richard L. C. Virtue
300 First Interstate Plaza
P. O. Box 2187
Santa Fe, New Mexico 87504
(505) 988-5521

and

Kent Craig, Esq.
Jerome P. McHugh & Associates
Suite 1225
650 South Cherry Street
Denver, Colorado 80222
(303) 321-2111
4168b

Attorneys for Nassau
Resources, Inc., an
Operating Affiliate of
Jerome P. McHugh &
Associates, Inc.

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. 9420
Order No. R-8768

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION (OCD) ON
ITS OWN MOTION FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN, RIO ARRIBA,
MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO

SECOND PRE-HEARING STATEMENT OF
NASSAU RESOURCES, INC.

Pursuant to an oral extension of time granted by
the Hearing Examiner on March 1, 1991, Nassau Resources,
Inc. ("Nassau") submits this second pre-hearing
statement.

The Division has proposed amendment to temporary
rules adopted in Case No. 9420-Order No. R-8768.

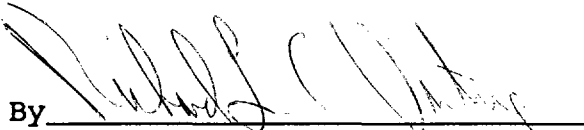
Nassau amends its proposed additional rule to
implement Conclusion IVD of the San Juan Basin Coalbed
Methane Spacing Study to read:

Rule 6.1. Upon application of an
operator, the Division Director may

grant an exception to the requirements of Rule (4) or otherwise allow a different [~~proration unit or~~] spacing [~~unit~~] for a specific area within the pool. Upon application, the Division shall hold a hearing at which the applicant and other interested parties may submit testimony and technical data with respect to the application. The Director shall grant an application filed pursuant to this Rule 6.1 if he finds that the proposed [~~proration unit or~~] spacing [~~unit~~] will prevent waste and protect correlative rights.

Respectfully submitted,

SUTIN, THAYER & BROWNE
A Professional Corporation

By 

Richard L. C. Virtue
300 First Interstate Plaza
P. O. Box 2187
Santa Fe, New Mexico 87504
(505) 988-5521

and

Kent Craig, Esq.
Jerome P. McHugh & Associates
Suite 1225
650 South Cherry Street
Denver, Colorado 80222
(303) 321-2111
4130b

Attorneys for Nassau
Resources, Inc., an
Operating Affiliate of
Jerome P. McHugh &
Associates, Inc.