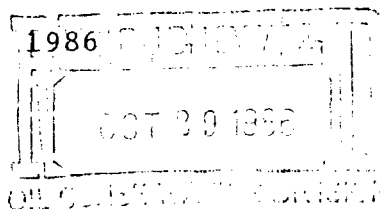


**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping3001 Northridge Drive
P.O. Drawer 419
Farmington, New Mexico 87401
(505) 327-4892

October 27, 1986



Mr. R. L. Stamets, Director
Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

REF: Application of P-R-O Management, Inc.
and Oklahoma Oil Company for Ten Non-
Standard Gas Proration Units, San Juan
County, New Mexico
Case No. 9026 and 9027

Dear Mr. Stamets:

M.S.

On behalf of R & G Drilling Company, you are advised that R & G Drilling Company has no objection to the applications in the above-referred-to cases.

R & G Drilling Company is Operator of the W/2, Section 5-T30N-R13W.

Your approval of the application would be appreciated.

Very truly yours,

Ewell N. Walsh, P.E.
President

ENW:rr

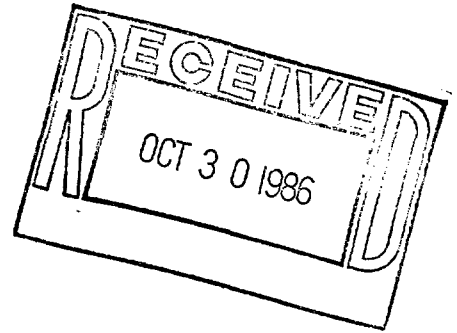
cc: Daniel S. Nutter, P.E.

Mr. Thomas R. Lavery, P-R-O Management, Inc.

William F. Carr, Esq., Attorney

R & G Drilling Company

October 15, 1986



Mr. Thomas R. Lavery
P-R-O MANAGEMENT, INC.
9400 North Central Expressway
1313 Glen Lakes Tower
Dallas, Texas 75231

Re: Change from 320 acre proration units to non-standard 160 acre proration units and change to an allowable based on full deliverability plus one-half acreage for certain wells, San Juan Basin, San Juan County, New Mexico.

Dear Mr. Lavery:

Leonard Steel and Chemical Trust of Florida, NA, as Co-Successor, Personal Representative of the Estate of Capton Michael Paul, deceased, as a potential successor to Oklahoma Oil Company as operator of record for the original wells listed on the attached tabulation approve the recommended change from 320 acre proration units to 160 acre non-standard proration units as shown on the attached tabulation for the subject wells.

Leonard Steel and Chemical Trust of Florida, NA, as Co-Successor, Personal Representative of the Estate of Capton Michael Paul, deceased, also approves the recommendation for an allowable based on full well deliverability plus one-half acreage.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Leonard Steel".

Leonard Steel

Chemical Trust Company of Florida
N.A.

Chemical Trust of Florida, NA

By: Lawrence A. Greenberg, V.P.

LS/k1

DATA FOR NON-STANDARD PRORATION UNITS
OKLAHOMA OIL COMPANY - SAN JUAN BASIN PROPERTIES
ALL IN SAN JUAN COUNTY, NEW MEXICO

<u>FIELD</u> <u>PROPERTIES</u>	<u>320 ACRE PRORATION UNIT</u>	160 ACRE UNITS	
		<u>ORIGINAL</u> <u>WELL</u>	<u>INFILL</u> <u>WELL</u>
<u>BASIN DAKOTA</u>			
Federal 1	N/2 19-22N-11W	NE/4	
Federal 1-E			NW/4
Johnson 1	S/2 21-31N-13W	SW/4	
Johnson 1-E			SE/4
Knight 1	E/2 5-30N-13W	NE/4	
Knight 1-E			SE/4
Nickles 1	S/2 11-31N-13W	SE/4	
Nickles 1-M			SE/4
<u>BLANCO MESA VERDE</u>			
Nickles 1	S/2 11-31N-13W	SE/4	
Nickles 1-M			SE/4

Cimarron Corporation

Wheeler M. Sears
President

October 15, 1986

Mr. Thomas R. Lavery
P-R-O MANAGEMENT, INC.
9400 North Central Expressway
1313 Glen Lakes Tower
Dallas, Texas 75231

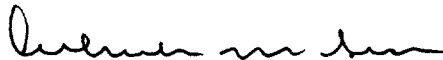
Re: Change from 320 acre proration
Units to non-standard 160 acre
proration units and change to
an allowable based on full de-
liverability plus one-half
acreage for certain wells, San
Juan Basin, San Juan County,
New Mexico.

Dear Mr. Lavery:

Oklahoma Oil Company as the operator of record for certain wells listed on the attached tabulation approves the recommended change from 320 acre proration units to 160 acre non-standard proration units as shown on the attached tabulation for the subject wells. Oklahoma Oil Company also approves the recommendation for an allowable based on full well deliverability plus one-half acreage.

Yours very truly,

CIMARRON CORPORATION, parent company
of OKLAHOMA OIL COMPANY



Wheeler M. Sears

WMS/kl

DATA FOR NON-STANDARD PRORATION UNITS
OKLAHOMA OIL COMPANY - SAN JUAN BASIN PROPERTIES
ALL IN SAN JUAN COUNTY, NEW MEXICO

<u>FIELD PROPERTIES</u>	<u>320 ACRE PRORATION UNIT</u>	160 ACRE UNITS <u>ORIGINAL</u> <u>WELL</u>	<u>INFILL</u> <u>WELL</u>
<u>BASIN DAKOTA</u>			
Federal 1	N/2 19-22N-11W	NE/4	
Federal 1-E			NW/4
Johnson 1	S/2 21-31N-13W	SW/4	
Johnson 1-E			SE/4
Knight 1	E/2 5-30N-13W	NE/4	
Knight 1-E			SE/4
Nickles 1	S/2 11-31N-13W	SE/4	
Nickles 1-M			SE/4
<u>BLANCO MESA VERDE</u>			
Nickles 1	S/2 11-31N-13W	SE/4	
Nickles 1-M			SE/4

P-R-O Management, Inc.

PETROLEUM RECOVERY OPERATIONS

Phone:
214/373-1431

Box 158, Suite 1313, Glen Lakes Tower
9400 N. Central Expressway
Dallas, Texas 75231
October 20, 1986

Mr. Dan Nutter
105 East Alicante Drive
Santa Fe, New Mexico 87501

Re: Commonality of Royalty
Interests in certain
Original and Infill wells
for which Non-Standard
Proration Units and
allowable changes are
requested.

Dear Mr. Nutter:

The Division Orders for payment of royalty and overriding royalty interests for the wells in the attached tabulation have been reviewed. In all cases the royalty and overriding royalty interests in the original well are found to be identically the same in the infill wells.

Overriding royalty interests have been carved out of the working interest in the infill wells; but these interests are in addition to and do not change or modify any of the pre-existing royalties.

Yours very truly,

P-R-O MANGEMENT, INC.



Thomas R. Laverty

TRL/k1

Attached



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 3, 1986

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attn: Peter Ives

Re: Division Cases Nos. 9026, 9027,
9028, and 9029

Dear Mr. Ives,

Per our telephone conversation today, the subject cases will require readvertisement showing the request for the variance in the allowable formula. These cases will be called at the December 3, 1986 hearing, no additional testimony will be required unless there is an objection. The record on these cases shall be open pending the December continuance.

If you should have any questions concerning this matter, please contact me.

Sincerely,

Michael E. Stogner
Petroleum Engineer

MES/et

cc: Jeff Taylor
Dan Nutter
Vic Lyon



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

January 12, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Peter Ives
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9026
ORDER NO. R-8383

Applicant:

Oklahoma Oil Company

Dear Sir:

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

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD X

Other _____

MAILING LIST, OFFSET OPERATORS
APPLICATION OF
P-R-O MANAGEMENT, INC., AND OKLAHOMA OIL CO.
FOR TEN NON-STANDARD GAS PRORATION UNITS

Amoco Production Co.
501 Airport Drive
Farmington, NM 87401

Beta Development Co.
125 Petroleum Plaza
Farmington, NMN 87401

BHP Petroleum (Americas) Inc.
Suite 600 5613 DTC Parkway
Englewood, CO 80111

Columbus Energy Corp.
P.O. Box 2038
Farmington, NM 87499

Dugan Production Corp.
P.O. Box 208
Farmington, NM 87499

El Paso Natural Gas Co.
P.O. Box 990
Farmington, NM 87401

Jerome P. McHugh
P.O. Box 809
Farmington, NM 87499

C. M. Paul
1100 Western United Life Bldg.
Midland, TX 79701

R & G Drilling Co.
P.O. Drawer 419
Farmington, NM 87499

Southland Royalty Co.
P.O. Drawer 570
Farmington, NM 87401

Southwest Production Co.
2706 National Circle
Garland, TX 75041

Texaco Inc
Box 2100
4601 DTC Blvd.
Denver, CO 80201

Union Texas Producing Co.
P.O. Box 1290
Farmington, NM 87499

DANIEL S. NUTTER
REGISTERED PETROLEUM ENGINEER
PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES
105 EAST ALICANTE
SANTA FE, NEW MEXICO 87501
PHONE (505) 982-0757

October 13, 1986

RECEIVED

OCT 14 1986

Mr. R. L. Stamets, Director
Oil Conservation Division
Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

Case 9026

Re: Application of P-R-O Management, Inc.,
and Oklahoma Oil Company For Ten Non-
Standard Gas Proration Units, San Juan
County, New Mexico

Dear Mr. Stamets:

P-R-O Management, Inc., and Oklahoma Oil Company have made an agreement whereby P-R-O Management will assume operation of the infill wells and Oklahoma Oil will retain operation of the original wells on four 320-acre standard proration units in the Basin Dakota Gas Pool and one 320-acre unit in the Blanco Mesaverde Gas Pool. The agreement further calls for the creation of two separate 160-acre non-standard proration units out of the acreage previously contained in each of the original units.

We are proposing that ten non-standard proration units in said pools be established and dedicated to the indicated wells as follows:

In the Basin Dakota Gas Pool:

✓ From the current 320-acre unit comprising the N/2 of Section 19, Township 27 North, Range 11 West, NMPM, create two 160-acre units comprising the NE/4 and NW/4 of said Section 19, to be dedicated, respectively, to Oklahoma Oil Company's Federal Well No. 1, located 1850 feet from the North line and 1850 feet from the East line (Unit G) of said Section 19, and to P-R-O Management, Inc.'s Federal Well No. 1-E, located 1120 feet from the North line and 2300 feet from the West line (Unit C) of said Section 19;

X From the current 320-acre unit comprising the E/2 of Section 5, Township 30 North, Range 13 West, NMPM, create two 160-acre units comprising the NE/4 and SE/4 of said Section 5, to be dedicated, respectively, to Oklahoma's Knight Well No. 1, located 925 feet from the North line and 920 feet from the East line (Unit A) of said Section 5, and to P-R-O's Knight Well No. 1-E, located 1820 feet from the South line and 690 feet from the East line (Unit I) of said Section 5;

X From the current 320-acre unit comprising the S/2 of Section 21, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 21, to be dedicated, respectively, to Oklahoma's Johnson Well No. 1, located 885 feet from the South line and 800 feet from the West line (Unit M) of said Section 21, and to P-R-O's Johnson Well No. 1-E, located 1120 feet from the South line and 1120 feet from the East line (Unit P) of said Section 21;

From the current 320-acre unit comprising the S/2 of Section 11, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 11, to be dedicated, respectively, to Oklahoma's Nickles Well No. 1, located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11, and to P-R-O's Well No. 1-M, located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. This well, the No. 1-M, is a dual completion in the Blanco Mesaverde and Basin Dakota pools.

In the Blanco Mesaverde Gas Pool:

From the current 320-acre unit comprising the S/2 of Section 11, Township 31 North, Range 13 West, NMPM, create two 160-acre units comprising the SW/4 and SE/4 of said Section 11, to be dedicated, respectively, to Oklahoma's Nickles Well No. 1, located 1450 feet from the South line and 1730 feet from the West line (Unit K) of said Section 11, and to P-R-O's Well No. 1-M, located 800 feet from the South line and 1570 feet from the East line (Unit O) of said Section 11. This is the well referred to in the above paragraph as being a Mesaverde-Dakota dual completion.

In this application, P-R-O Management and Oklahoma Oil are requesting that each of the above described non-standard gas proration units be assigned an acreage factor for allowable purposes in the same proportion that the acreage in the non-standard unit bears to the acreage in a standard unit for the pool (320). We would also request that the deliverability used in the calculation of each non-standard unit's

R. L. Stamets
October 13, 1986
Page 3

allowable be the deliverability of the well on the unit. Further, that in the event any of the above wells are determined to be unorthodox locations as the result of dividing the previously approved proration units into two units, we would also request that approval be given to such locations inasmuch as the only possible affected party to any such unorthodox location would be either of the two co-applicants in this cause.

It is therefore respectfully requested that a case be docketed on the Oil Conservation Division Examiner hearing docket for November 5, 1986, to consider the creation of the above-described 160-acre non-standard gas proration units, and that subsequent to said hearing, an order be entered approving the units and wells as proposed.

A copy of this application has been furnished by certified mail to the offset operators in the affected pool for each of the proposed units. The mailing list for said offset operators is attached.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Daniel S. Nutter", with a stylized flourish at the end.

Daniel S. Nutter, P.E.

DSN:ms

cc: Mr. Thomas R. Laverty
P-R-O Management, Inc.
Box 158, Suite 1313
Glen Lakes Tower
9400 N. Central Expressway
Dallas, TX 75231

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