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Attorneys at Law

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Santa Fe, New Mexico 87504-2265

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W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

RECEIVED

September 30, 1987

SEP 30 1987

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

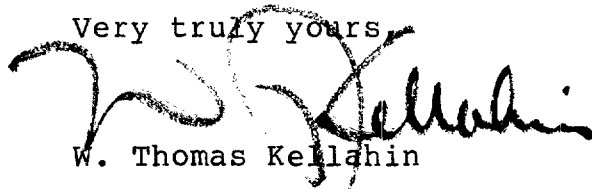
Re: Jerome P. McHugh & Associates
Application of Unorthodox Well Location
and Non-Standard Proration and Spacing
Unit, Rio Arriba County, New Mexico

Case 9240

Dear Mr. LeMay:

On behalf of Jerome P. McHugh & Associates we would appreciate you setting the enclosed application for a public hearing on the Division Examiner's docket now scheduled for October 21, 1987.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Kent C. Craig
Jerome P. McHugh & Associates
650 S. Cherry, Suite 1225
Denver, Colorado 80222

(Certified Return-Receipt Requested)

All parties listed in Exhibit "A"

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

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SEP 30 1987

OIL CONSERVATION DIVISION

CASE: 9240

IN THE MATTER OF THE APPLICATION OF
JEROME P. McHUGH FOR APPROVAL OF
AN UNORTHODOX WELL LOCATION AND
NON-STANDARD PRORATION AND SPACING
UNIT, RIO ARriba COUNTY, NEW MEXICO.

A P P L I C A T I O N

COMES NOW JEROME P. McHUGH & ASSOCIATES, by and through his attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location and non-standard proration and spacing unit, Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant, Jerome P. McHugh, is a working interest owner in the E/2 of Section 35, T24N, R1W, NMPM, Rio Arriba County, New Mexico.

2. Applicant proposes to drill a well at a standard location for Basin Dakota gas production to an approximate depth of 7,300 feet at a location 890 feet from the North line and 840 feet from the East line of Section 35, T24N, R1W, NMPM, with an E/2 dedication.

3. In the event applicant is unable to obtain commercial production from the Basin Dakota Gas Pool, applicant proposes to recomplete the subject well to test for production in the West Puerto Chiquito Mancos Oil Pool.

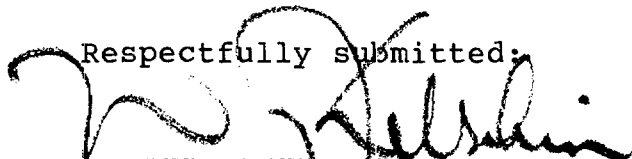
4. Applicant has attempted, but has been unable, to form a standard 640-acre spacing and proration unit for production from the West Puerto Chiquito Mancos Pool with Mobil Producing Texas and New Mexico, Inc., which is the operator of the W/2 of said Section 35.

5. As of the date of filing of this application, applicant has sent notice certified mail, return-receipt requested, to all individuals and companies shown on Exhibit "A" attached hereto.

6. Applicant requests that this application be set for hearing before the Division's examiner on October 21, 1987.

Wherefore, in the event the subject well is non-commercial in the Basin Dakota Gas Pool, Applicant seeks approval to recompleate said well for production in the West Puerto Chiquito Mancos Oil Pool at an unorthodox surface location of 890 feet from the North line and 840 feet from the East line of Section 35, T24N, R1W, NMPM, Rio Arriba County, New Mexico. In addition, applicant seeks approval of a 320-acre non-standard spacing and proration unit consisting the E/2 of said Section 35 for Mancos Oil production.

Respectfully submitted:



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

EXHIBIT "A"

DRILLSITE OWNERSHIP

Oscar Ewing Earnhardt, Jr.
1162 Cartagena Drive
Long Beach, CA 90807

Eula Jean Stark
13034 Rummel Creek Drive
Houston, TX 77079

Janet E. Fuller
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Cimarron, CO 81220

Wessely Energy Co.
(Formerly TCPL Resources)
2001 Bryan Tower, Suite 953
Dallas, TX 75201

Southern Union Exploration
1217 Main Street
Dallas, TX 75202

William Earl Schmitz and
Pauline C. Schmitz, j/t
Regina, NM 87046

Charles Marshall Schmitz and
Rosa Jane Schmitz
Regina, NM

Doreen Elizabeth Welch,
a married woman in her sole and
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Marveta Davis
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Albuquerque, NM

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Mobil Producing Texas and
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Nine Greenway Plaza
Houston, TX 77046

Amoco Production Co.
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H. F. Gumz
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Apache Corporation
1700 Lincoln St.
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Hoaska, Inc.
1675 Larimer, Suite 820
Denver, CO 80202

Sun Operating Ltd. Partnership
P. O. Box 2880
Dallas, TX 75221

Exhibit "A" Continued:

Jessie Stanley
1702 Chaco
Farmington, NM

Greer Enterprises
221 Petroleum Center Bldg.
Farmington, NM 87401

Charles B. Read and
Jean Read
P.O. Box 1822
Roswell, NM 88201

J. Hiram Moore, Betty Jane Moore,
and Michael Harrison Moore, Trustees
under indenture of Trust dated
July 1, 1971, between J. Hiram Moore
and Betty Moore as Trustors of
said Trustees
P. O. Box 1733
Midland, TX 79701

Albert Greer
221 Petroleum Center Bldg.
Farmington, NM 87401

Montin-Harbert-Bolack Ltd.
101 Park Ave. Bldg. Ste 310
Oklahoma City, OK 73102

Rocky Mountain Ltd.
221 Petroleum Center Bldg.
Farmington, NM 87401

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Bldg.
Farmington, NM 87401

Dugan Production Corp.
P. O. Box 208
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Trans Delta Oil & Gas Co.
c/o FPCO Oil & Gas Inc.
717 17th St
Denver, CO

Janice Eileen Barry
506 E. Hancock
Smithfield, NC 27577

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

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OCT 20 1987

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
JEROME P. MCHUGH FOR COMPULSORY
POOLING OR IN THE ALTERNATIVE FOR
APPROVAL OF AN UNORTHODOX WELL LOCATION
AND NON-STANDARD PRORATION AND SPACING
UNIT, RIO ARriba COUNTY, NEW MEXICO.

CASE: 9240

FIRST AMENDED
A P P L I C A T I O N

COMES NOW JEROME P. MCHUGH & ASSOCIATES, by and through his attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest in the West Puerto Chiquito Mancos Oil Pool underlying Section 35, T24N, R1W, NMPM, for a well to be drilled at a standard location, or in the alternative for approval of a 320-acre non-standard oil spacing and proration unit consisting of the E/2 of said Section 35, West Puerto Chiquito Mancos Oil Pool, to be dedicated to a well to be drilled at an unorthodox location 890 feet from the North line and 840 feet from the East line (Unit A) of said Section 35, and in support thereof would show:

1. Applicant, Jerome P. McHugh, ("McHugh") is a working interest owner in the E/2 of Section 35, T24N, R1W, NMPM, Rio Arriba County, New Mexico.

2. McHugh proposes to drill a well at a standard location to test for Basin Dakota gas production in said Section 35.

3. In the event McHugh is unable to obtain commercial production from the Basin Dakota Gas Pool, McHugh proposes to recomplete the subject well to test for production in the West Puerto Chiquito Mancos Oil Pool.

4. In order to form a 640-acre spacing and oil proration unit for the West Puerto Chiquito Mancos Oil Pool, McHugh has attempted to obtain the voluntary agreement for pooling of all of Section 35 for a well to be drilled at a standard location for said pool from Mobil Producing Texas and New Mexico, Inc., which is the working interest owner of the W/2 of Section 35.

5. Mobil Producing Texas and New Mexico, Inc. has refused to form a voluntary unit consisting of said Section 35 and therefore McHugh seeks either of the following:

- (a) an order pooling all mineral interests in the West Puerto Chiquito Mancos Oil Pool underlying said Section 35 for the drilling of a well at a standard location, or in the alternative;
- (b) for the approval of a well to be drilled at an unorthodox location 890 feet from the North line and 840 feet from the East line of Section

35 and for the approval of a non-standard spacing and proration unit consisting of the E/2 of said Section 35.

6. In order to permit McHugh to obtain his just and fair share of the oil and gas underlying the subject lands, the mineral interest in Section 35 should be pooled, or in the alternative, the non-standard location and unit should be approved.

7. As of the date of filing of this amended application, applicant has sent notice certified mail, return-receipt requested, to all individuals and companies shown on Exhibit "A" attached hereto.

Wherefore, Applicant seeks approval to pool all mineral interest in the West Puerto Chiquito Mancos Oil Pool for a well to be drilled at a standard location, or in the alternative for approval of a 320-acre non-standard oil spacing and proration unit consisting of the E/2 of said Section 35, to be dedicated to a well to be drilled at an unorthodox location 890 feet from the North line and 840 feet from the East line (Unit A) of said Section 35.

Respectfully submitted:

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line.

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

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Rosa Jane Schmitz
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Doreen Elizabeth Welch,
a married woman in her sole and
separate property
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Marvetta Davis
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