

September 15, 1987

Mr. R. S. Taylor
Mobil Oil Corporation
1225 - 17th Street
Denver, Colorado 80202

CASE NO 9240
ms.
Re: Schmitz Anticline Area
Sec. 35-T24N-RLW
Rio Arriba County, New Mexico

Dear Mr. Taylor:

The county records reflect that Mobil owns all rights below the base of the Pictured Cliff formation in the W/2 of Section 35-T24N-RLW. Jerome P. McHugh has 100% of the leasehold interest in the E/2 of Section 35.

We propose to drill, within 60 days, an approximate 7300' Dakota test in the NE/4 of Section 35. Enclosed for your review are two copies of our AFE #A51205 for the drilling of said test.

The spacing in this area is somewhat unique in that the upper prospective zone, Gallup/Mancos, is on 640 acres while the deeper Dakota is on 320 acres.

We are proposing a 640 acre unit being all of Section 35 with McHugh as operator; all costs being shared on a 50%-50% basis with Mobil.

If Mobil is in agreement with our proposed well, please execute and return one copy of the enclosed AFE as soon as possible. We will forward an appropriate Operating Agreement for your review upon receipt of the executed AFE.

In the event Mobil elects not to join in our proposed test, we will opt to appear before the New Mexico Oil Conservation Division on October 21, 1987 and request an "exception location" for our well on a 320 acre unit, being the E/2 of Section 35-T24N-RLW. We would greatly appreciate a letter from your office to the Oil Conservation Division to the effect that Mobil has no objection to our 320 acre unit.

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111

Mobil Oil Corporation
September 15, 1987
Page Two

Feel free to call me should you have any questions. Thank you for your consideration.

Very Truly Yours,



Kent C. Craig

KCC/rm

enclosure

cc: Mr. David Catanach ✓
New Mexico Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501-2088

Tom Kellahin - Kellahin & Kellahin

3121 Risner
Las Cruces, NM 88001

October 10, 1987

Mr. William J. LeMay
Oil Conservation Division
Department of Energy and Minerals *m.s.*
P. O. Box 2088
Santa Fee, New Mexico 87504 *DAC*

Re: Case No. 9240, Jerome P. McHugh &
Associates, Application of Unorthodox
Well Location and Non-Standard Proration
and Spacing Unit, Rio Arriba County,
New Mexico

Dear Mr. LeMay:

Please place this letter in the Division Examiner's file for the above captioned case to clearly reflect that I support the application in this matter and join in requesting that the same be approved. I am an owner of a portion of the minerals underlying the property which is the subject matter of the action. I will not be able to attend the hearing, but would like that my support for the same be duly noted.

If I can do anything else to support the application, please notify me. Thank you for your anticipated cooperation and assistance herein.

Very truly yours,

Wm. J. LeMay
WJ LeMay

BEFORE THE

OIL CONSERVATION DIVISION

RECEIVED

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS NOV 2 1987

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

OIL CONSERVATION DIVISION

CASE NO. 9240

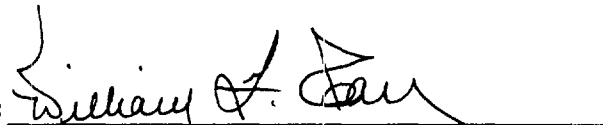
ENTRY OF APPEARANCE

COMES NOW CAMPBELL & BLACK, P.A., and hereby enters its
appearance in the above-referenced case on behalf of
Benson-Montin-Greer Drilling Corporation.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:


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

ATTORNEYS FOR BENSON-MONTIN-GREER
DRILLING CORPORATION

067-801

Mr. William J. LeMay
Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. LeMay:

If I can do anything else to support the application, please notify me. Thank you for your anticipated cooperation and assistance herein.

Wayne E. Earnhardt

13034 Rummel Creek Drive
Houston, Texas 77079

October 10, 1987

Mr. William J. LeMay
Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fee, New Mexico 87504

Re: Case No. 9240, Jerome P. McHugh &
Associates, Application of Unorthodox
Well Location and Non-Standard Proration
and Spacing Unit, Rio Arriba County,
New Mexico

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Very truly yours,

Lula Jean Stark
William J. Stark

00715077
P. O. Box 247
Cimarron, CO 81220

October 10, 1987

*W.S.
DK*

Mr. William J. LeMay
Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fee, New Mexico 87504

Re: Case No. 9240, Jerome P. McHugh &
Associates, Application of Unorthodox
Well Location and Non-Standard Proration
and Spacing Unit, Rio Arriba County,
New Mexico

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Very truly yours,

Wm. Janet E. Fuller

1162 Cartagena Drive
Long Beach, CA 90807

October 10, 1987

Mr. William J. LeMay
Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fee, New Mexico 87504

*m. s.
DCC*

Re: Case No. 9240, Jerome P. McHugh &
Associates, Application of Unorthodox
Well Location and Non-Standard Proration
and Spacing Unit, Rio Arriba County,
New Mexico

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Very truly yours,

Oscar Ewing Eberhardt Jr.

400 East 5th Avenue
Bristow, OK 74010

October 10, 1987

Mr. William J. LeMay
Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fe , New Mexico 87504

AM.S
DRC

Re: Case No. 9240, Jerome P. McHugh &
Associates, Application of Unorthodox
Well Location and Non-Standard Proration
and Spacing Unit, Rio Arriba County,
New Mexico

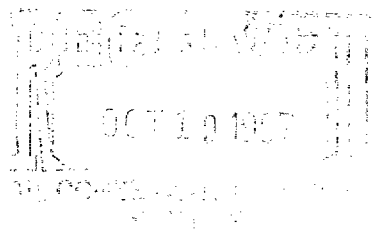
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If I can do anything else to support the application, please notify me. Thank you for your anticipated cooperation and assistance herein.

Very truly yours,

John R. LeMay



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

DL
10-19-87

October 16, 1987

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

File:NWA-491-986.511

Case Number 9240
Jerome P. McHugh & Associates
Application of Unorthodox Well Location
and Non-Standard Proration and Spacing Unit
Rio Arriba County, New Mexico

Amoco Production Company as an offset owner to the proposed unorthodox well location and non-standard proration unit objects the granting of this application. It is our opinion that the granting of this application, as requested, would not serve to protect correlative rights. By copy of this letter we are advising Mr. Tom Kellahin and Jerome P. McHugh & Associates of our intent to protest at the October 21, 1987 hearing.

Very truly yours,

C. A. Wood
Region Proration & Unitization Manager

cc: Mr. Tom Kellahin
Kellahin, Kellahin and Aubrey
P. O. Box 2265
Santa Fe, New Mexico

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

R. J. Bottjer - Bldg
D. E. Broadfoot - Bldg
G. R. Jones - Bldg
K. J. Lund - Bldg

KELLAHIN, KELLAHIN AND AUBREY
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

W. Thomas Kellahin
Karen Aubrey
Jason Kellahin
Of Counsel

Telephone 982-4285
Area Code 505

October 20, 1987

RECEIVED

OCT 20 1987

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

OIL CONSERVATION DIVISION

"Hand Delivered"

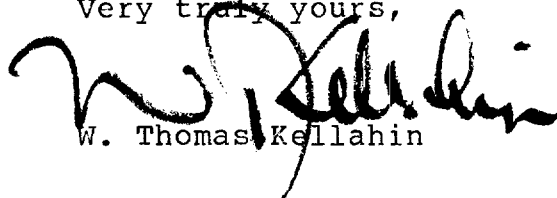
Re: Jerome P. McHugh & Associates First
Amended Application for Compulsory
Pooling and in Alternative for an
Unorthodox Well Location and
Non-Standard Proration and Spacing
Unit, Rio Arriba County, New Mexico

Case 9240

Dear Mr. LeMay:

On behalf of Jerome P. McHugh & Associates we would appreciate you amending Division Case 9240 to include the alternative of compulsory pooling and continuing the case from the Division Examiner's hearing set for October 21, 1987 to the Examiner's hearing set for November 18, 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

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

W. Perry Pearce, Esq.
Montgomery & Andrews, P. A.
P. O. Box 2307
Santa Fe, New Mexico 87504

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay

October 20, 1987

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cc:

(Certified Return-Receipt Requested)

All parties listed in Exhibit "A"