



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

McKay Oil Corporation

Attention: April McKay

P. O. Box 2014

Roswell, New Mexico 88202

September 8, 2003

Lori Wrotenbery

Director

Oil Conservation Division

RECEIVED SEP 12 2003

ADMINISTRATIVE REINSTATEMENT OF DIVISION ORDER NO. R-11634

Dear Ms. McKay:

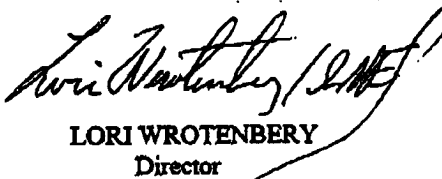
Reference is made to the following: (i) your original letter of application dated August 15, 2003 (*administrative application reference No. pMES0-323332996*); (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated August 25, 2003 from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe informing you that this matter had been set for hearing before a duly appointed Examiner in Santa Fe on September 18, 2003; (iii) your telephone conversation with Mr. Stogner Thursday afternoon, August 28, 2003; (iv) your e-mail to Mr. Stogner of August 28, 2003; (v) Mr. Stogner's e-mail response of August 28, 2003; (vi) your letter dated September 2, 2003 with attachments; and (vii) the Division's records in Santa Fe, including the files in Cases No. 12695 and 13152: all concerning McKay Oil Corporation's ("McKay") request to reinstate Division Order No. R-11634, issued in Case No. 12695 on August 13, 2001, which order granted McKay authority to drill its Cactus "B" Federal Well No. 6 at an unorthodox Abo gas well location 330 feet from the South line and 2430 feet from the West line (Unit N) of Section 35, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico, within a standard 160-acre gas spacing unit in the West Pecos Slope-Abo Gas Pool (82740) comprising the SW/4 of Section 35.

The provisions of Division Rule 1207.A (2) have been met at this time, Division Order No. R-11634 is hereby reinstated and shall remain in full force and affect until further notice.

Further, Division Case No. 13152 will be dismissed at the September 18, 2003 Examiner's hearing.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,


LORI WROTENBERY
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia

U. S. Bureau of Land Management - Roswell

File: Case No. 12695

Case No. 13152

**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. 12695
ORDER NO. R-11634**

**APPLICATION OF MCKAY OIL CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 12, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of August, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, McKay Oil Corporation, seeks approval to drill its Cactus "B" Federal Well No. 6 at an unorthodox gas well location 330 feet from the South line and 2430 feet from the West line (Unit N) of Section 35, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The SW/4 of Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

(3) The applicant appeared at the hearing and submitted evidence to support its application. The evidence presented demonstrates that approval of the proposed unorthodox gas well location will prevent waste and protect correlative rights.

(4) No offset operator or interest owner appeared at the hearing in opposition to the application.

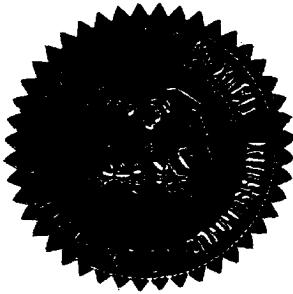
(5) The application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, McKay Oil Corporation, is hereby authorized to drill its Cactus "B" Federal Well No. 6 at an unorthodox gas well location 330 feet from the South line and 2430 feet from the West line (Unit N) of Section 35, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The SW/4 of Section 35 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

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

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director