

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



February 22, 1995

Conoco, Inc.
c/o Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Attention: W. Thomas Kellahin

RE: *Application of Conoco, Inc. for its Julie Com Well No. 3 to be drilled 660 feet from the North and East lines (Unit A) in Section 17, Township 19 South, Range 25 East, and completed in both the North Dagger Draw-Upper Pennsylvanian Pool (NE/4 160-acre dedication) and Undesignated Boyd-Morrow Gas Pool (N/2 320-acre dedication). Said well location is standard for the Upper Pennsylvanian interval and unorthodox for the Morrow formation.*

Dear Mr. Kellahin:

Reference is made to your application dated February 20, 1995, requesting the subject matter be set for hearing on the docket scheduled for March 16, 1995. While conducting a preliminary review of this application in the preparation of a legal advertisement, I found that within the existing standard 160-acre oil spacing and proration unit for the North Dagger Draw-Upper Pennsylvanian Pool comprising the NE/4 of said Section 17 in which Conoco currently has its Julie Well No. 2 (API No. 30-015-27047), located at a standard oil well location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 17, Southwest Royalties, Inc. is claiming the same 160 acres in the North Dagger Draw-Upper Pennsylvanian Pool for its Dagger Draw "A" Well No. 1 (API No. 30-015-27159), located at a standard oil well location 1650 feet from the North line and 1880 feet from the East line (Unit G) of said Section 17.

Further research shows that three Division Orders were issued concerning North Dagger Draw-Upper Pennsylvanian Pool oil production from both aforementioned wells: Order Nos. R-9673, R-9673-A, and R-9850. It would further appear that operations in the North Dagger Draw-Upper Pennsylvanian Pool underlying the NE/4 of said Section 17 remains under the jurisdiction of certain provisions of said Order No. R-9673-A, see decretory paragraph Nos. (16) and (17).

With this issue still unresolved the Division will not allow the drilling of a third North Dagger Draw-Upper Pennsylvanian Pool well in the NE/4 of said Section 17; therefore, the immediate application will not be docketed for hearing until such time as all provisions of said Order No. R-9673-A have either been met, shown to already have been met, or for some reason no longer applies.

VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

Oil Conservation
827-7111

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Thank you for bringing this unresolved matter to our attention. Should you have any questions, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a stylized, flowing script.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: OCD - Artesia
 William J. LeMay, Director - Santa Fe
 David R. Catanach - OCD, Santa Fe
 Rand L Carroll, OCD Counsel - Santa Fe
 Jerry Hoover, Conoco - Midland, TX
 Paul A. Cooter - Santa Fe
 Ernest L. Carroll - Artesia
 Southwest Royalties, Inc. - Midland, TX
 File: Case 10471