

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
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July 17, 1995

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED

JUL 17 1995

Oil Conservation Division

Re: Chaves "A" Federal Well No. 2
NE/4 Sec. 21, T7S. R26E, NMPM
Application of Tide West Oil Company
for an Unorthodox Gas Well Location,
and Simultaneous Dedication,
Pecos Slope-Abo Gas Pool
Chaves County, New Mexico

11355

Dear Mr. Stogner:

On behalf Tide West Oil Company, please find enclosed our application for its referenced well to be drilled at an unorthodox gas well location and to simultaneously dedicate the NE/4 of Section 21 to said well and its Chaves "A" Federal Well No. 1 (Unit B).

We request that the Application be set for hearing on the next available Examiner's docket now scheduled for August 10, 1995.

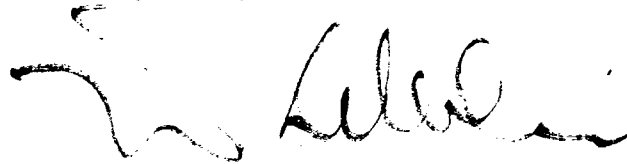
By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application.

Mr. Michael E. Stogner
July 17, 1995
Page 2.

Our proposed advertisement to be used for the OCD docket is attached.

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to the undersigned, not later than 4:00 PM on Friday, August 4, 1995.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

cc: Tide West Oil Company
Attn: Kim Goss
cc: William F. Carr, Esq.
Attorney for Yates Petroleum Corporation

cc: **CERTIFIED MAIL:**
All parties shown in application

RECEIVED

JUL 17 1995

Oil Conservation Division

Case 11355 : **Application of Tide West Oil Company for an unorthodox gas well location and simultaneous dedication, Chaves County, New Mexico.** Applicant, in the above styled-cause, seeks approval to drill its Chaves "A" Federal Well No. 2 at an unorthodox gas well location 2310 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 7 South, Range 26 East, NMPM, Pecos Slope-Abo Gas Pool, or in the alternative, not closer than 330 feet to the southern and eastern boundaries of a 160-acre spacing unit consisting of the NE/4 of said Section 21 and to simultaneously dedicate said well to said spacing unit which is currently dedicated to the Chaves "A" Federal Well No. 1 located in Unit B of said Section 21. Said unit is located approximately 10 miles Northeast the intersection of US Highway 70 and the Pecos River, New Mexico.

7 miles NE of Amarillo

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF
TIDE WEST OIL COMPANY FOR APPROVAL
OF AN UNORTHODOX GAS WELL LOCATION,
AND TO SIMULTANEOUSLY DEDICATE SAID WELL
TO A STANDARD SPACING AND PRORATION UNIT
PECOS SLOPE-ABO GAS POOL,
CHAVES COUNTY, NEW MEXICO**

CASE: 11355

APPLICATION

Comes now TIDE WEST OIL COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its Chaves "A" Federal Well No. 2 at an unorthodox gas well location 2310 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 7 South, Range 26 East, NMPM, Pecos Slope-Abo Gas Pool, or in the alternative, not closer than 330 feet to the southern and eastern boundaries of a 160-acre spacing unit consisting of the NE/4 of said Section 21 and to simultaneously dedicate said well to said spacing unit which is currently dedicated to the Chaves "A" Federal Well No. 1 located in Unit B of said Section 21.

In support thereof, Applicant states:

1. Applicant, Tide West Oil Company, is the operator of a 160 acre standard spacing and proration unit consisting of the NE/4 of Section 21, T7S, R26E, NMPM, for gas production from the Pecos Slope-Gas Pool and currently dedicated to its Chaves "A" Federal Well No. 1 located in Unit B of said Section 21. See Exhibit "A" attached.

2. Applicant proposes to test for additional production in the Pecos Slope Abo-Gas Pool by drilling its Chaves "A" Federal Well No. 2 at an unorthodox gas well location 2310 feet FNL and 660 feet FEL of said Section 21 to be simultaneously dedicated to a 160-acre standard proration and spacing unit described above.

3. The proposed well will be located within the current boundaries of the Pecos Slope-Abo Gas Pool and is subject to the Division's state wide general rules and regulations which provide that a standard well location for a proration and spacing unit containing 160-acres would be not closer than 660 feet from the boundaries of this spacing unit.

4. The proposed well will be closer to the southern side boundary of the spacing unit than permitted by the Pecos Slope-Abo Gas Pool rules and therefore will be an unorthodox gas well location.

5. The proposed unorthodox gas well location is necessary in order to attempt to protect this spacing unit from drainage by the Yates Petroleum Corporation's Catterson "SS" Federal Well No. 7 which has already been drilled at an unorthodox location 2310 FSL and 660 FEL of Section 21 being 330 feet from the common spacing unit boundary for this spacing unit. See NMOCD Case 11283.

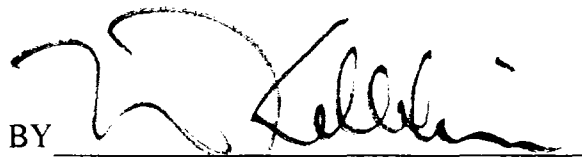
6. Applicant is in the process of obtaining BLM approval for the location of the subject well and it is possible that the BLM may require that this location be amended to satisfy surface use considerations. Accordingly, Applicant, requests the option to relocate the subject well at alternate unorthodox location to satisfy the BLM provided that the subject well shall not be closer than 330 feet to the southern and/or eastern boundaries of its proposed spacing unit.

7. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Pecos Slope-Abo Gas Pool and will otherwise prevent waste and protect correlative rights.

8. In accordance with Division Rule 1207, Applicant has notified those affected parties towards whom the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit B.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEYS FOR APPLICANT

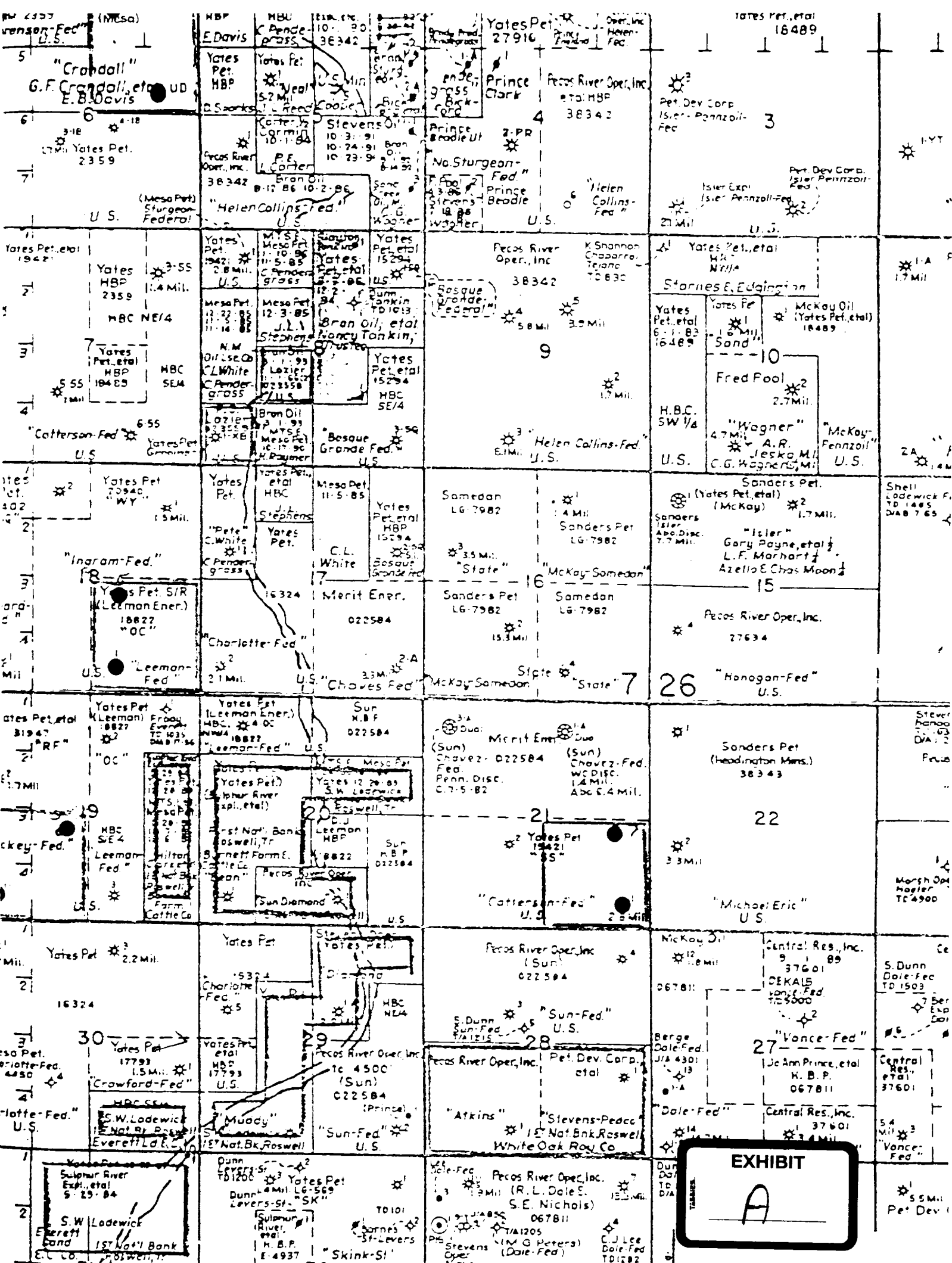


EXHIBIT "B"

Central Resources Inc.
1776 Lincoln, Suite 1010
Denver, Colorado 80203

McKay Oil Corporation
#1 McKay Place
Roswell, New Mexico 88201

Pecos River Operating Inc.
P. O. Box 1675
Roswell, New Mexico 88202

Samedan Oil Corporation
10 Desta Drive, Suite 240 E
Midland, Texas 79705

Sanders Petroleum Corp.
P. O. Box 2918
Roswell, New Mexico 88201

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210
Attn: Randy Patterson