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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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September 11, 1995

HAND DELIVERED

RECEIVED

SEP 11 1995

Oil Conservation Division

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

Re: Grayburg Deep Unit Well No. 11
Application of Phillips Petroleum Company
for an Unorthodox Gas Well Location,
Eddy County, New Mexico

Dear Mr. Stogner:

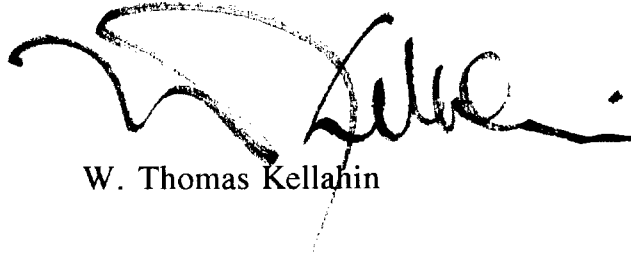
On behalf of Phillips Petroleum Company, please find enclosed our Application for an unorthodox gas well location for its proposed Grayburg Deep Unit Well No. 11 which we request be set for hearing on the next available Examiner's docket now scheduled for October 5, 1995. Also enclosed is our proposed notice for the advertisement.

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.

Oil Conservation Division
September 11, 1995
Page 2.

Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, September 29, 1995, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, sweeping flourish at the end.

W. Thomas Kellahin

cc: Phillips Petroleum Company
Attn: Reese B. Copeland, Esq.

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

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SEP 11 1995

Proposed notification/advertisement for OCD docket

Oil Conservation Division

Case 11392: Application of Phillips Petroleum Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its proposed Grayburg Deep Unit Well No. 11 at an unorthodox gas well location 416 feet from the South line and 2625 feet from the East line (Unit 0) Section 23, Township 17 South, Range 29 East, NMPM, to be dedicated to a standard 320-acre spacing unit consisting of the S/2 of said Section 23 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated Anderson-Pennsylvanian Gas Pool. Said unit is located approximately 4 miles west from Loco Hills, New Mexico.

X

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

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR APPROVAL OF AN UNORTHODOX
GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO

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Oil Conservation Division

CASE: 11392

APPLICATION

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its proposed Grayburg Deep Unit Well No. 11 at an unorthodox gas well location 416 feet from the South line and 2625 feet from the East line (Unit 0) Section 23, Township 17 South, Range 29 East, NMPM, to be dedicated to a standard 320-acre spacing units consisting of the S/2 of said Section 23 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated Anderson-Pennsylvanian Gas Pool.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company, has the right to drill and test for gas production in the S/2 of Section 23, T17S, R29E, NMPM, Eddy County, New Mexico.

2. The proposed gas well potentially will be located approximately one mile west of the current boundary of the Anderson-Pennsylvanian Gas Pool.

3. The proposed Grayburg Deep Unit Well No. 11 will be drilled at unorthodox location 416 feet from the South line and 2625 feet from the East line (Unit 0) Section 23 and dedicated to a standard gas 320-acre spacing and proration consisting of the S/2 of said Section 23 will be dedicated to the well. as shown on Exhibit "A".

4. The proposed Grayburg Deep Unit Well No. 11 will be drilled at unorthodox location because of geologic reasons in to attempt to recover potential Pennsylvanian gas reserves underlying S/2 Section 23 and thereby protect correlative rights and preventing waste.

5. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the remaining gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

6. Notification of this application has been sent to the offsetting operators and/or interested parties as required by Division rules and as identified on Exhibit "B" attached.

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

KELLAHIN and KELLAHIN

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

BY
W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Reese B. Copeland, Esq.
Phillips Petroleum Company
4001 Penbrook, Suite 216
Odessa, Texas 79762

ATTORNEYS FOR APPLICANT

DISTRICT I
P.O. Box 1280, Hobbs, NM 58041-1280

DISTRICT II
P.O. Drawer 22, Artesia, NM 88012-0719

DISTRICT III
1000 Rio Grande Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name GRAYBURG DEEP UNIT	Well Number 11
OGRIID No.	Operator Name PHILLIPS PETROLEUM COMPANY	Elevation 3577

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	23	17 S	29 E		416	SOUTH	2625	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

Co-ordinates N - 659892.74 E - 588614.23	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ Date _____		
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. SEPTEMBER 2, 1995 Date Surveyed _____ JLP Signature _____ Professional Surveyor NEW MEXICO 3239 9-5-95 M.O. No. 95-112724 Certified by _____ JOHN WEST, 078 PROFESSOR OF SURVEYING, 3830 JOHN V. EIDSON, 12841		

EXHIBIT

A

3572.1'

3572.6'

2625'

3574.1'

3575.6'

PHILLIPS PETROLEUM COMPANY
EXHIBIT "B"

OFFSET OPERATOR NOTICE LIST

Mack Energy Corp.
P. O. Box 960
Artesia, New Mexico 88211

Marbob Energy Corp.
P. O. Drawer 217
Artesia, New Mexico 88210
Attn: Mr. Ray Miller

Vintage Drilling Company
P. O. Box 158
Loco Hills, New Mexico 88255