

KELLAHIN AND KELLAHIN

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EL PATIO BUILDING

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SANTA FE, NEW MEXICO 87504-2265

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
TELEFAX (505) 982-2047

November 8, 1995

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Bogel Flats Unit Well No. 13
Application of Oryx Energy Company
for an Unorthodox Gas Well Location,
and Simultaneous Dedication
Indian Basin-Upper Pennsylvanian Gas Pool,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Oryx Energy Company, please find enclosed our Application for An Unorthodox Gas Well Location for its Bogel Flats Unit Well No. 13 which we request be set for hearing on the next available Examiner's docket now scheduled for December 7, 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.

RECEIVED
NOV 7 1995
Oil Conservation Division

11433

Oil Conservation Division

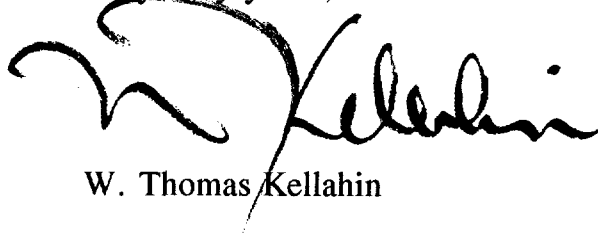
November 8, 1995

Page 2.

In addition, all interested parties are further advised that while they are not required to attend this hearing, failure to appear at that time and become a party of record could preclude them from challenging the matter at a later date.

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, December 1, 1995, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large, sweeping initial "W" and a long, horizontal stroke extending to the right.

W. Thomas Kellahin

cc: Oryx Energy Company
Attn: C. Michael Malone (Dallas)

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

RECEIVED

NOV 7 1995

Oil Conservation Division

Proposed notification/advertisement for OCD docket

Case 11433: Application of Oryx Energy Company for an unorthodox gas well location and Simultaneous Dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 800 feet from the North line and 800 feet from the East line (Unit A) Section 17, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its currently producing Bogel Flats Unit Well No. 9, located 2035 feet FNL and 1650 feet FEL (Unit G) to form a standard 640-acre gas spacing and proration unit. Said unit is located approximately 27 miles west of Carlsbad, New Mexico.

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

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NOV 7 1995

IN THE MATTER OF THE APPLICATION
OF ORYX ENERGY COMPANY FOR APPROVAL OF AN UNORTHODOX GAS WELL LOCATION,
AND SIMULTANEOUS DEDICATION
INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL,
EDDY COUNTY, NEW MEXICO

CASE: 11433

APPLICATION

Comes now ORYX ENERGY COMPANY ("ORYX") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 800 feet from the North line and 800 feet from the East line (Unit A) Section 17, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its currently producing Bogel Flats Unit Well No. 9, located 2035 feet FNL and 1650 feet FEL (Unit G) to form a standard 640-acre gas spacing and proration unit.

In support thereof, Applicant states:

1. Applicant, Oryx Energy Company, has the right to drill and test for Pennsylvanian gas production in Section 17, T22S, R23E, N.M.P.M., Eddy County, New Mexico.
2. The proposed gas well will be located within the current boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool.

3. The subject pool was created by Order R-2440 dated March 1, 1963 and was initially spaced on 640 acre spacing, Rule 2(A), with Rule 2(B) setting standard well locations to be no closer than 1650 feet to the outer boundary of the spacing unit. On April 14, 1965, the Division entered Order R-1670-F in Case 3237 which established gas proration for the pool.

4. The existing well in Section 17 is the Bogel Flats Unit Well No. 9 located 2035 feet from the North line and 1650 feet from the East line (Unit G) which has become a marginal producer. See locator plat identified and attached as Exhibit "A".

5. The proposed Bogel Flats Unit Well No. 13 will be an "infill" well and will be drilled at an unorthodox location in order to attempt to recover any remaining recoverable gas reserves underlying Section 13 which have not been recovered by the first well and thereby prevent waste and protect correlative rights.

6. Oryx proposes to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 800 feet from the North and East lines of Section 17.

7. Until such time as the Bogel Flats Unit Well No. 9 is abandoned, Oryx seeks approval to drill, operate and produce the maximum gas allowable assigned to this spacing unit from either or both of these two wells in any combination. Once the Bogel Flats Unit Well No. 9 is abandoned, Oryx seeks approval to produce the spacing and proration unit's gas allowable from the Bogel Flats Unit Well No. 13 without penalty.

8. 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.

9. The Applicant is sending notification to each of the operators for all spacing units towards which the subject well encroaches as well as each operator or lessee adjoining the subject spacing unit all as set forth on Exhibit "B".

10. Oryx requests that this matter be set for hearing on the Division Examiner's docket now scheduled for Santa Fe, New Mexico on December 7, 1995

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

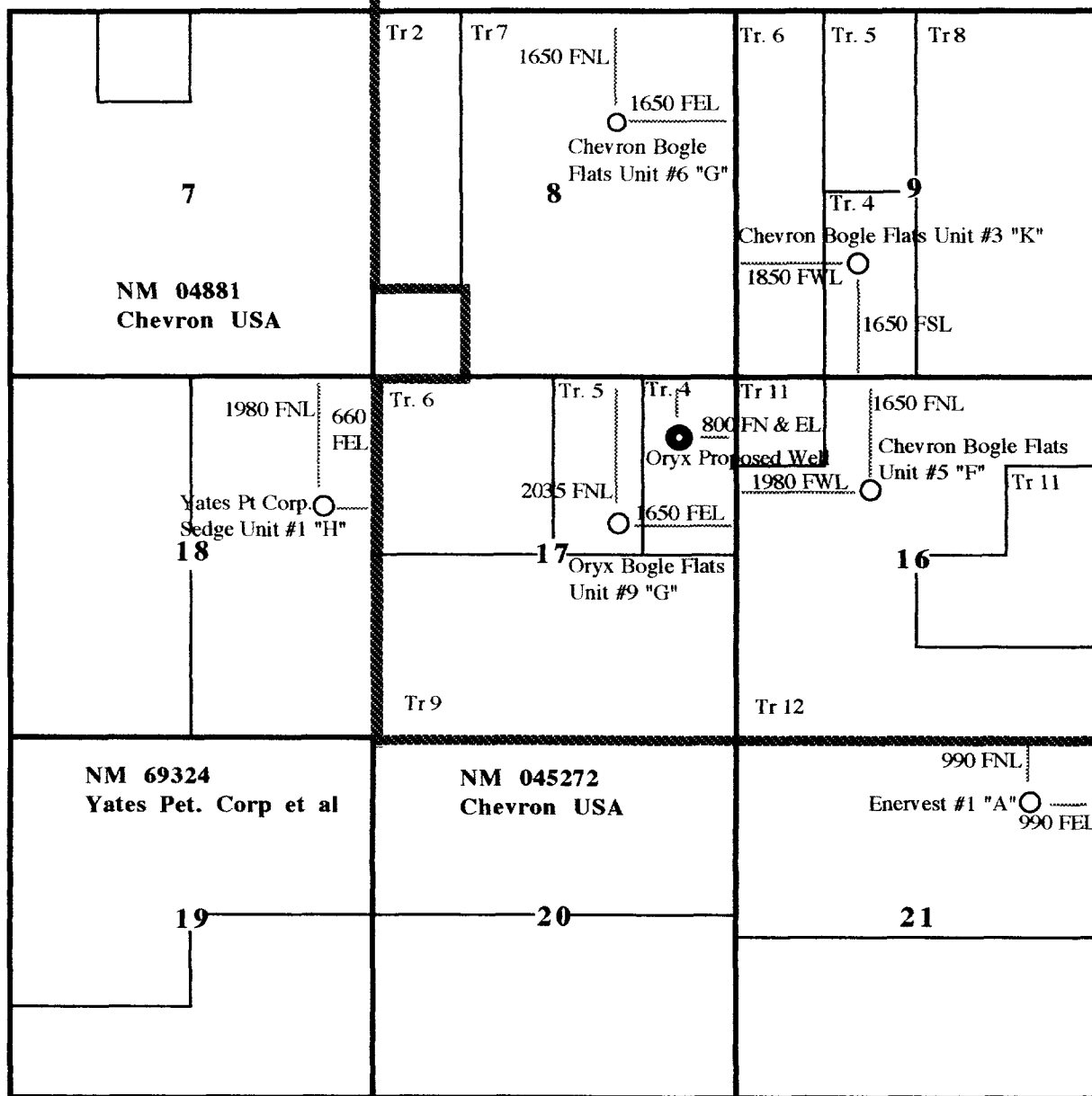
ATTORNEYS FOR APPLICANT

Oryx Energy Company

P. O. Box 2880
Dallas, TX 75221-2880

September 28, 1995 Not to Scale

Plat Showing the Offset Operators to Section 17, Township 22 South, Range 23 East Eddy County, New Mexico



Township 22 South, Range 23 East

Legend:

- Unit Tract Lines with Numbers
- Section Lines
- Unit Lines of Chevron Operated Bogle Flats Unit

Working Interest Ownership

- Tract #2 Chevron 100%
- Tract #4 Oryx 75% Marathon 25%
- Tract #5 Marathon 100%
- Tract #6 Oryx 100%
- Tract #7 Chevron 100%
- Tract #8 Chevron 100%
- Tract #9 Oryx 100%
- Tract #11 P&P Production
- Tract #12 Chevron 50% Marathon 50%

EXHIBIT

A

EXHIBIT "B"

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210**

**Chevron USA Producing Company
15 Smith Road
Midland, Texas 79705**

**Enervest Operating LLC
1001 Fannin, Suite 900
Houston, Texas 77002**