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March 12, 1991

RECEIVED

MAR 13 1991

OIL CONSERVATION DIVISION

10289

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Application of BHP Petroleum
(Americas) Inc. for Amendment
To Division Order R-9351,
Unorthodox Oil Well Location,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of BHP Petroleum (Americas) Inc., please
find enclosed our application for Amendment to Division
Order R-9351, Unorthodox Oil Well Location which we
request be set for hearing on the Examiner's docket now
scheduled for April 18, 1991.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Enclosure

cc: Stephen L. Mahanay
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, Texas 77057

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

RECEIVED

APPLICATION OF BHP PETROLEUM
(AMERICAS) INC. FOR AMENDMENT
TO DIVISION ORDER R-9351,
UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE: 10289

A P P L I C A T I O N

COMES NOW BHP Petroleum (Americas) Inc., by
and through its attorneys, Kellahin Kellahin & Aubrey,
and applies to the New Mexico Oil Conservation Division
for an amendment to Division Order R-9351 (Case 10126)
entered November 7, 1990, to allow applicant to deepen
its Kimbrough State No. 1 Well from the base of the
Strawn formation to the base of the Devonian formation
and to produce said well at an unorthodox well location
for all 40-acre oil spacing and proration units which
may be productive at the unorthodox well location 1250
feet from the South line and 1725 feet from the East
line of Section 20, T17S, R37E, N.M.P.M., Lea County,
New Mexico.

In support thereof, applicant states:

1. By Order R-9351 dated, November 7, 1991, the New Mexico Oil Conservation Division ("Division") granted applicant's request for authority to drill at an unorthodox oil well location its Kimbrough State No. 1 well to the base of the Strawn formation at a total depth of approximately 11,200 feet.

2. Applicant now seeks authority to continue the drilling of that well; to deepen it approximately 1,000 additional feet to the base of the Devonian formation; and then to test for production in any oil formations from the surface to the base of the Devonian, including but not limited to the Devonian and the Atoka formations.

3. While neither the Devonian nor the Atoka formations in the immediate vicinity are productive of oil, the incremental costs of continuing to drill the subject well to the base of the Devonian justify the attempt to test those formations.

4. Both working interest and royalty ownership for each of the 40-acre tracts in the SE/4 of Section 20 are the same.

5. The well encroaches towards the north and east sides of its 40-acre spacing unit and towards

adjoining spacing units with identical interest ownership as the subject spacing unit.

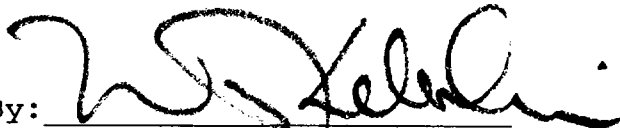
6. Approval of the subject application will afford to the applicant the opportunity to produce its just and equitable share of oil in the affected formations, will reduce the economic expense by using a single wellbore to penetrate multiple formations, will not violate correlative rights, and prevents waste by allowing the well to be located at the optimum geologic location from which to produce the maximum amount of oil.

7. Pursuant to Division Notice Rules, there are no parties who are entitled to notice of the case nor the request for hearing on April 18, 1991.

WHEREFORE, Applicant requests that after hearing of this matter, the application be granted.

Respectfully Submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 
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