

KELLAHIN, KELLAHIN and AUBREY  
*Attorneys at Law*

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

El Patio - 117 North Guadalupe  
Post Office Box 2265

Santa Fé, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

RECEIVED

July 12, 1988

JUL 12 1988

OIL CONSERVATION DIVISION

Mr. William J. LeMay  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Case 9449

"Hand Delivered"

Re: Pennzoil Exploration & Production Co.  
for an Unorthodox Gas Well Location,  
Shipp Strawn Oil Pool  
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Pennzoil Exploration & Production Company, please set the enclosed application for hearing on the next available examiner's docket now set for August 3, 1988.

We suggest the following to be used for the advertisement for this case:

Application of Pennzoil Exploration & Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant in the above styled cause seeks approval for an unorthodox oil well location 2310 feet from the South line and 810 feet from the West line of Section 1, T17S, R37E, Shipp Strawn Oil Pool, with the W/2SW/4 of said section being dedicated to its Price Family Trust #3 Well, forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately \_\_\_\_\_ miles from \_\_\_\_\_.

By copy of this letter and application sent certified mail return-receipt requested to all offset operators, we are notifying each of them of the right to appear at the hearing either in support or in opposition

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay  
July 12, 1988  
Page 2

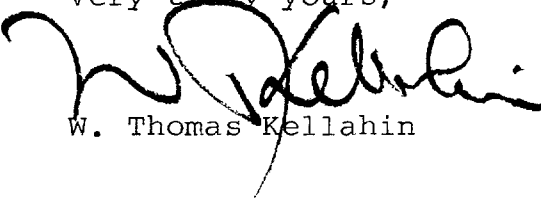
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OIL CONSERVATION DIVISION

to this application. Should any such party desire more information about this matter or about the procedures for hearing this application, they may call the Division or the undersigned.

Very truly yours,



W. Thomas Kellahin

WTK:ca

cc: Lonnie Whitfield  
Pennzoil Company  
P. O. Box 2967  
Houston, Texas 77252-2967

"Certified-Return Receipt Requested"

All Interested Parties in Application

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

RECEIVED

IN THE MATTER OF THE APPLICATION  
OF PENNZOIL EXPLORATION &  
PRODUCTION COMPANY FOR  
APPROVAL OF AN UNORTHODOX OIL  
WELL LOCATION, LEA COUNTY,  
NEW MEXICO.

JUL 12 1988

OIL CONSERVATION DIVISION

CASE: 9049

A P P L I C A T I O N

Comes now PENNZOIL EXPLORATION & PRODUCTION COMPANY,  
by and through its attorneys, Kellahin, Kellahin &  
Aubrey, and applies to the New Mexico Oil Conservation  
Division for approval of an unorthodox oil well location  
in the Shipp Strawn Oil Pool for an oil well to be  
drilled at an unorthodox location 2310 feet from the  
South line and 810 feet from the West line of Section 1,  
T17S, R37E, Lea County, New Mexico, to be dedicated to a  
80-acre spacing and proration unit consisting of the  
W/2SW/4 of said section, and in support thereof would  
show:

1. Applicant has the right to drill and develop the  
W/2SW/4 of Section 1, T17S, R37E, Lea County, New Mexico.

2. Applicant proposes to drill its Price Family  
Trust #3 well Shipp Strawn Oil Pool at an unorthodox oil  
well location 2310 FSL and 810 FWL of said Section 1 and  
to dedicate the W/2SW/4 of said section to the well.

3. Rule 4 of the Special Rules and Regulations for the subject Pool provide that standard well locations shall be within 150 feet of the center of a quarter-quarter section.

4. The subject well is to be drilled to an approximate depth of 12,050 feet sub-surface to test the Strawn formation.

5. Rule 4 of the said pool rules provides a drilling window for a standard well location that will not afford the operator an opportunity to drill at the optimum location in the spacing unit.

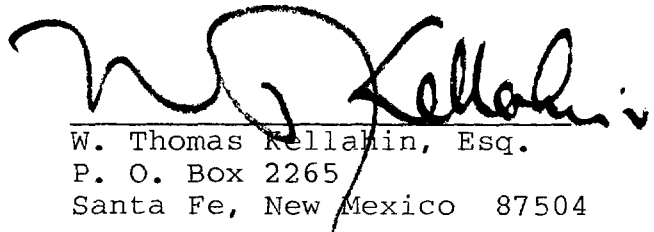
6. The subject well requires an exception to Rule 4 of the Special Rules of the pool in order to be at the optimum location to test the Shipp-Strawn Oil Pool in the W/2SW/4 of said section.

7. Applicant requests that this matter be set for hearing on the Examiner's docket of August 3, 1988.

8. Notice to affected offset operators has been given as shown on Exhibit "A."

WHEREFORE, applicant seeks approval of the application as requested.

Kellahin, Kellahin & Aubrey



W. Thomas Kellahin, Esq.  
P. O. Box 2265  
Santa Fe, New Mexico 87504

"EXHIBIT A"

#3 PRICE FAMILY TRUST OFFSET OPERATORS

W/2 SW/4 Section 1-17S-37E Lea County, New Mexico

Amerind Oil Company  
500 Wilco Building  
Midland, TX 79701  
ATTN: Robert C. Leibrock

Bill Seltzer  
507 Petroleum Building  
Midland, TX 79701

Mesa Operating Limited Partnership  
P. O. Box 2009  
Amarillo, TX 79189-2009  
ATTN: Larry Hemmingway

William B. Owen  
116 West First  
Roswell, NM 88201

David Petroleum Corporation  
116 West First  
Roswell, NM 88201

B & S Enterprises  
116 West First  
Roswell, NM 88201

Nearburg Petroleum Company  
116 West First  
Roswell, NM 88201

Colin R. McMillan  
116 West First  
Roswell, NM 88201

Fred J. Schlicher  
116 West First  
Roswell, NM 88201

Ed Orr & Associates  
201 West 5th, Ste. 500  
Tulsa, OK 74103  
918-587-4776

Ashland Exploration, Inc.  
P. O. Box 218330  
Houston, TX 77218

Bechtel Energy Partners, Ltd.  
5400 Westheimer Court, Ste. 570  
Houston, TX 77056  
ATTN: Karen Franklin

Texaco, Inc.  
P. O. Box 3109  
Midland, TX 79702  
ATTN: Curtis Smith