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March 10, 1992

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

MAR 10 1992
OIL CONSERVATION DIV.
SANTA FE

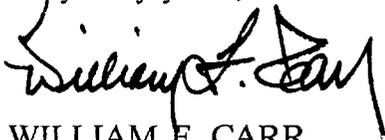
104157

Re: Application of Union Oil Company of California d/b/a UNOCAL for Special Pool Rules, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the application of Union Oil Company of California d/b/a Unocal in the above-referenced case. Union Oil Company of California d/b/a Unocal respectfully requests that this matter be placed on the docket for the April 2, 1992 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures:

Mr. Jim Rose
District Land Manager
Union Oil Company of California
d/b/a Unocal
1004 North Big Spring
Midland, Texas 79702

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

IN THE MATTER OF THE APPLICATION
OF UNION OIL COMPANY OF CALIFORNIA
d/b/a UNOCAL, FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

MAR 10 1992

OIL CONSERVATION DIV.
SANTA FE CASE NO. 10457

APPLICATION

UNION OIL COMPANY OF CALIFORNIA d/b/a UNOCAL, by its undersigned attorneys, hereby makes application for an order promulgating Special Pool Rules and Regulations for the Red Hills-Pennsylvanian Gas Pool, including 640-acre spacing units and special well location requirements and in support of this application states:

1. By Order No. R-2827 entered in Case 3159 on December 7, 1964, the Oil Conservation Division ("Division") created the Red Hills-Pennsylvanian Gas Pool. This pool has been extended from time to time and now includes the following lands in the Pennsylvanian formation:

Township 25 South, Range 33 East, N.M.P.M.

Sections 31 through 33: All

Township 26 South, Range 33 East, N.M.P.M.

Sections 4 through 6: All

2. By Order No. R-2350 entered in Case 2671 on October 24, 1962 the Division approved the Red Hills Unit Agreement which unitized all formations. Unocal is the operator of the Red Hills Unit.

3. Special Pool Rules and Regulations which provide for 640-acre spacing have been promulgated for the Red Hills-Wolfcamp Gas Pool (Case No. 3158, Order No. R-3073 dated June 2, 1966) and the Red Hills-Devonian Gas Pool (Case No. 6670, Order No. R-6183 dated November 28, 1979).

4. Unocal operates the Red Hills Unit Well No. 3 located 1980 feet from the South line and 2180 feet from the West line of Section 5, Township 26 South, Range 33 East. This well was drilled in 1983 and completed in the Devonian formation with a 640-acre spacing unit comprised of Section 5 dedicated to it. The Devonian has been depleted and the well recently has been recompleted in the Pennsylvanian formation.

5. The Red Hills Unit Well No. 3 demonstrates that one well can drain 640-acres in this formation.

6. Unocal requests that Special Pool Rules and Regulations for the Red Hills-Pennsylvanian Gas Pool be established including provisions for 640-acre spacing units and special well location requirements which provide that no well shall be located nearer than 1650 feet to the outer boundary of the section nor nearer than 330 feet to any governmental quarter-quarter section line.

7. Approval of this application and adoption of Special Pool Rules and Regulations for the Red Hills-Pennsylvanian Gas Pool on a permanent basis is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

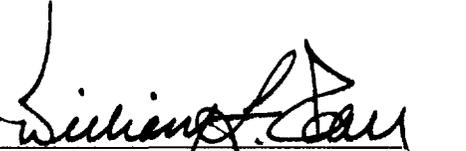
WHEREFORE, Union Oil Company of California d/b/a Unocal requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 2, 1992, and that, after notice and hearing as required by law and the

rules of the Division, that this application be granted.

Respectfully submitted,

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

By:


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ATTORNEYS FOR UNION OIL
COMPANY OF CALIFORNIA
d/b/a UNOCAL