



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2000
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 10, 1987

Tom Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87501-2265

Case 8866

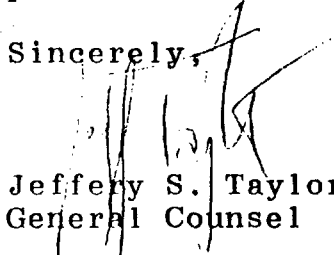
RE: Orders R-7951, 7952 and 8199

Dear Tom:

By letter of September 30, 1987 you inquired about the possibility that the above division orders had expired. This is to confirm my telephone call to you whereby I explained that these orders do not expire. It is possible, however, that the APD's for these wells have expired, since most are valid for only six months. I believe though, that the District will approve a new permit upon application.

If you have any further questions regarding this matter, please feel free to call.

Sincerely,


Jeffery S. Taylor
General Counsel

JST/ag

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

September 30, 1987

SEP - 5 1987

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

Re: Pennzoil Company
Order R-7951
Order R-7952
Order R-8199

Dear Mr. LeMay:

On behalf of Pennzoil Company, I am writing to obtain clarification on the status of the referenced orders. (Copies enclosed)

Our firm represented Pennzoil Company in obtaining from the Division, after notice and hearing, three unorthodox well location orders:

Order R-7951, Case 8498 issued June 13, 1985
Order R-7952, Case 8499 issued June 13, 1985
Order R-8199, Case 8860 issued March 31, 1986

None of the orders set a date by which the respective well must be commenced. In addition, we are unaware of any Division rule that sets an expiration date for such orders. However, because these orders are eighteen to twenty-seven months old and none of these wells have been drilled, Pennzoil has requested that I seek written verification from you that these orders remain valid and they may still file Applications for Permits to drill based upon these orders.

Please call me if you have any questions.

Very truly yours,

W. Thomas Kellahin

WTK:ca
Enc.

cc: Lonnie Whitfield

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8860
Order No. E-8199

APPLICATION OF PENNZOIL COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 19, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of March, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Pennzoil Company, seeks approval of an unorthodox oil well location 1310 feet from the South line and 1980 feet from the West line of Section 3, Township 17 South, Range 37 East, NMPM, to test the Strawn formation, Undesignated Shipp-Strawn Pool, Lea County, New Mexico.
- (3) The proposed location is less than one-half mile from the Shipp-Strawn Pool boundary and is also less than one mile from the Humble City-Strawn Pool boundary.
- (4) Both the permanent field rules for the Humble City-Strawn Pool and the temporary field rules for the Shipp-Strawn Pool provide for 80-acre spacing units and for wells to be located within 150 feet of the center of one of the two quarter-quarter sections comprising the spacing unit, and also permit a well to be drilled on each quarter-quarter section of the spacing unit.

(5) The proposed well is therefore subject to 80-acre spacing rules and this application is, in effect, request for exception to whichever field rules are applicable after the well is successfully completed.

(6) The E/2 SW/4 of said Section 3 is to be dedicated to the well.

(7) Geologic evidence presented at the hearing indicates that a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(8) No offset operator objected to the proposed unorthodox location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, 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.

IT IS THEREFORE ORDERED THAT:

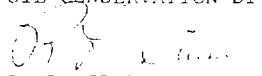
(1) The application of Pennzoil Company for an unorthodox oil well location for the Strawn formation is hereby approved for a well to be located at a point 1310 feet from the South line and 1980 feet from the West line of Section 3, Township 17 South, Range 37 East, NMPM, Undesignated Strawn Pool, Lea County, New Mexico.

(2) The E/2 SW/4 of said Section 3 shall be dedicated to the above-described well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS,
Director

S E A L



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

April 1, 1936

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 8360
ORDER NO. R-3169

Applicant:

Pennzoil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

B. L. Lamb

R. L. STAMETS
Director

RLS / fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____