



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
May 8, 1992



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

OGS Operating Company, Inc.
550 West Texas, Suite 1140
Midland, Texas 79701

Attention: Thom O'Brien

RE: Application for non-standard oil well location: Bilberry Well No. 3, SW/4 Section 11, Township 8 South, Range 37 East, Bluit-San Andres Associated Pool, Roosevelt County.

Dear Mr. O'Brien:

We may not process the subject application for non-standard location until the required information or plats checked below (is)(are) submitted.

- A plat must be submitted clearly showing the ownership of all offsetting leases.
- A statement must be submitted that all offset operators have been notified of the application by certified mail.
- A plat must be submitted fully identifying the topography necessitating the non-standard location.
- OTHER: Which well location is correct and what two quarter-quarter sections does the proposed 80-acre proration unit comprise.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/jc

cc: Oil Conservation - Hobbs

RECEIVED MAY 13 1992

OGS OPERATING COMPANY, INC.

550 W. TEXAS, SUITE 1140
MIDLAND, TEXAS 79701
(915) 682-6373
(915) 682-4634 FAX

OIL CONSERVATION DIVISION
RECEIVED

'92 MAR 5 AM 9 15

CERTIFIED MAIL RETURN RECEIPT REQUESTED

April 30, 1992

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87503

Attention: Mr. William J. LeMay

Re: OGS Operating Company, Inc.
Proposed Bilberry #3 Well
~~900' FSL & 1650' FWL~~
Section 11, T-8-S, R-37-E
Roosevelt County, New Mexico
(NM015 Bluitt)

Gentlemen:

OGS Operating Company, Inc. intends to drill the referenced well to an approximate depth of 4650 feet or sufficient to test a middle San Andres oil zone. This well is subject to the special rules and regulations of the Bluitt-San Andres Associated Pool which set forth well location and proration unit acreage requirements as follows:

" RULE 2. (a) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres.

RULE 2. (b) Oil wells shall be located within 150 feet of the center of quarter-quarter section.

Gas wells shall be located not closer than 990 feet to the quarter section line nor closer than 330 feet to any quarter-quarter section line. "

If the middle San Andres oil zone is not commercially productive, OGS intends to plug back to a shallower San Andres zone which is typically a marginal gas reservoir.

The proposed Bilberry #3 well is to be located ~~990' FSL &~~ 1650' FWL of Section 11, T-8-S, R-37-E, Roosevelt County, New Mexico which is an orthodox location for a gas well under RULE 2. (b) of the Special Rules and Regulations of the Bluitt-San Andres Associated Pool. If the well is completed as an oil well it will require an exception to RULE 2. (b).

OIL CONVERSATION DIVISION

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OGS owns oil and gas leases covering the SW/4 of Section 11, being 160 acres, more or less. Should the proposed well be completed as an oil well, OGS has enough acreage for two standard oil proration units. However, if the well is completed as a gas well, OGS intends to form a non-standard unit composed of the SW/4 of Section 11, which is 50% of a standard gas proration unit.

This letter is intended as an application for approval of a possible unorthodox oil location for the proposed well and a request for an exception to RULE 2. (a) of the Special Rules and Regulations for the Bluit-San Andres Associated Pool for the possible formation of a non-standard gas proration unit.

Enclosed is a plat showing the proposed non-standard proration unit, the ownership and operators of all leases offsetting the proration unit and the proposed location of the OGS Operating Company, Inc. Bilberry #3 well. There are no wells currently located on the SW/4 of Section 11.

A copy of this letter has been sent Certified Mail Return Receipt Requested to all of the offset operators and all operators owning an interest acreage in Section 11 which is not included in the proposed non-standard unit (see attached list).

Yours truly,



Thom O'Brien

TO'B/slm

cc: Mr. Tom Kellahin
Kellahin, Kellahin and Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

CRRR: P 954 368 615

**ADDRESS LIST
ALL OFFSET OPERATORS AND
OPERATORS OWNING INTERESTS IN
SECTION 11, T-8-S, R-37-E
ROOSEVELT COUNTY, NEW MEXICO**

Certified Return Receipt

1. Murphy Operating Corporation P 377 881 191
P.O. Box 2648
Roswell, NM 88202

Murphy owns and operates Federal oil and gas lease(s) covering rights to the San Andres formation in the N/2, N/2SE/4 and the SW/4SE/4 of Section 11 and the W/2NE/4 of Section 14, T-8-S, R-37-E, Roosevelt County, New Mexico.

2. Plains Petroleum Operating Company P 377 881 192
12596 W. Bayaud Ave. Suite 400
Lakewood, CO 80215

Plains owns and operates Federal oil and gas lease(s) covering rights to the San Andres formation in the SE/4SE/4 of Section 11.

3. H. L. Brown, Jr. P 377 881 193
300 W. Louisiana
Midland, TX 79702

H. L. Brown, Jr. owns and/or operates Federal oil and gas lease(s) covering rights to the San Andres formation in the E/2 of Section 10, T-8-S, R-37-E, Roosevelt County, New Mexico. He also owns rights below the base of the San Andres in the N/2NW/4, SE/4NW/4, and the NE/4 of Section 11.

4. OGS Operating Company, Inc.

OGS Operating Company, Inc. owns and operates leases covering rights to the San Andres formation in the W/2 of Section 14 and the N/2 of Section 15, T-8-S, R-37-S, Roosevelt County, New Mexico.

