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W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 10, 1995

**HAND DELIVERED**

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87504

**RECEIVED**

APR 10 1995

Oil Conservation Division

Re: Case 11242 (Amended and Re-advertised)  
*Savannah Well No. 1*  
*Application of CONOCO INC. for*  
*Directional Drilling and an*  
*Unorthodox Subsurface Location*  
*Eddy County, New Mexico*

11242

Dear Mr. Stogner:

On behalf of Conoco Inc., please find enclosed our referenced First Amended Application which we request be set for hearing on the next available Examiner's docket now scheduled for May 4, 1995.

The purpose of the enclosed amended application is to include a request to intentionally deviate this well; to have the amended application docketed for the May 4, 1995 hearing; then to incorporate the record of this matter made at the hearing held on April 6, 1995 before Examiner Catanach; and in the absence of objection to take this case under advisement.

The referenced case was originally filed only as an unorthodox Morrow gas well location and was heard by Examiner Catanach on April 6, 1995. At that time he granted me permission to present evidence concerning drilling this well vertically through the Cisco-Canyon and then intentionally deviating the wellbore to an unorthodox subsurface location in the Morrow.

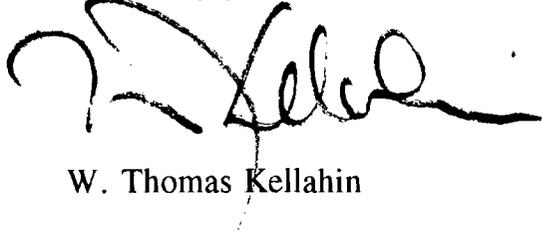
Mr. Michael E. Stogner  
April 10, 1995  
Page Two

By copy of this letter and application, sent certified mail, we are notifying all interested parties towards which this well is encroaching of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, April 28, 1995, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a long horizontal flourish extending to the right.

W. Thomas Kellahin

WTK/wtk  
Enclosure

cc: Conoco and  
**By Certified Mail - Return Receipt**  
All Parties Listed in Application

## PROPOSED ADVERTISEMENT

CASE 11242: Re-advertised and Continued from the April 6, 1995 Examiner Hearing. Application of Conoco Inc. for directional drilling and an unorthodox subsurface gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Savannah Well No. 1 at a surface location 660 feet FNL and 660 feet FEL (Unit A) in Section 32, T19S, R25E, NMPM, Eddy County, New Mexico, to the base of the Cisco/Canyon formation in the North Dagger Draw-Upper Pennsylvanian Pool and then to deviate from vertical in a southwesterly direction to a vertical depth of approximately 9451 feet at the top of the Morrow formation at a point within a 100 foot radius of an estimated target 1100 feet from the North and East lines of said Section 32 to be dedicated to a standard 320-acre spacing and proration unit consisting of the N/2 of Section 32 in the Undesignated Boyd-Morrow Gas Pool and in the absence of commercial production from the Morrow formation then to be dedicated to a 160-acre standard proration and spacing unit consisting of the NE/4 of said Section 32 in the North Dagger Draw-Upper Pennsylvanian Pool. Said unit is located approximately 8 miles west of Lakewood, New Mexico. IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

**RECEIVED**

APR 10 1995

Oil Conservation Division

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

**IN THE MATTER OF THE APPLICATION  
OF CONOCO INC. FOR DIRECTIONAL DRILLING AND  
AN UNORTHODOX SUBSURFACE GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO**

**CASE NO.: 11242**

**RECEIVED**

APR 10 1995

**FIRST AMENDED APPLICATION**

Oil Conservation Division

Comes now CONOCO INC. by its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to drill its Savannah Well No. 1 at a surface location 660 feet FNL and 660 feet FEL (Unit A) in Section 32, T19S, R25E, NMPM, Eddy County, New Mexico, to the base of the Cisco/Canyon formation in the North Dagger Draw-Upper Pennsylvanian Pool and then to deviate from vertical in a southwesterly direction to a true vertical depth of approximately 9451 feet at the top of the Morrow formation at a point within a 100 foot radius of an estimated target 1100 feet from the North and East lines of said Section 32 to be dedicated to a standard 320-acre spacing and proration unit consisting of the N/2 of Section 32 in the Undesignated Boyd-Morrow Gas Pool and in the absence of commercial production from the Morrow formation then to be dedicated to a 160-acre standard proration and spacing unit consisting of the NE/4 of said Section 32 in the North Dagger Draw-Upper Pennsylvanian Pool.

and in support states:

(1) Conoco Inc. is a working interest owner in the N/2 of Section 32, Township 19 South, Range 25 East, Eddy County, New Mexico. See Exhibit "A" attached.

**Conoco, Inc.**  
**NMOCD Application**  
**Page 2**

(2) Conoco proposes to drill its Savannah Well No. 1 commencing at a surface location 660 feet FNL and 660 feet FEL (Unit A) in Section 32 and drilling vertically, being a standard location for production from the Cisco formation of the North Dagger Draw-Upper Pennsylvanian Pool to which a standard 160-acre spacing and proration unit consisting of the NE/4 of said Section 32 will be dedicated.

(3) Once below the Cisco/Canyon formation, Conoco proposes to intentionally deviate this wellbore so that it intersects the top of the Morrow formation at a true vertical depth of approximately 9451 feet and within a 100 foot radius target the center of which is 1100 feet from the North and West lines of said Section 32 and then continue drilling to a total true vertical depth of approximately 9650 feet. If productive in the Morrow formation, Conoco will dedicate a standard 320-acre spacing and proration unit consisting of the N/2 of said Section 32 for the Boyd-Morrow Gas Pool. See Exhibit "B" attached.

(4) The Morrow formation at this location is within one mile of the current boundary of the Boyd-Morrow Gas Pool.

(5) The Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool provide, among other things, for 160-acre proration and spacing units for either oil or gas production with wells located no closer than 660 feet to the nearest boundary of the tract, nor closer than 330 feet to any quarter-quarter section of subdivision inner boundary.

(6) Based upon geological considerations and in order to maximize the opportunity to encounter the Morrow formation at its most favorable location in this spacing unit while providing a 40-acre tract within the NE/4 of said Section 32 for a Cisco well in the North Dagger Draw-Upper

**Conoco, Inc.**  
**NMOCD Application**  
**Page 3**

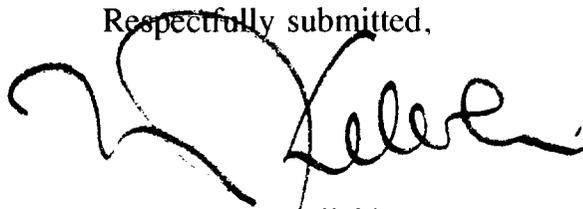
Pennsylvanian Pool, Conoco Inc. proposes to locate the well in the Morrow formation at an unorthodox subsurface location.

(7) The proposed location will afford to Conoco Inc. and the interest owners in the proposed well the optimum location at which to test for both Morrow or Cisco production.

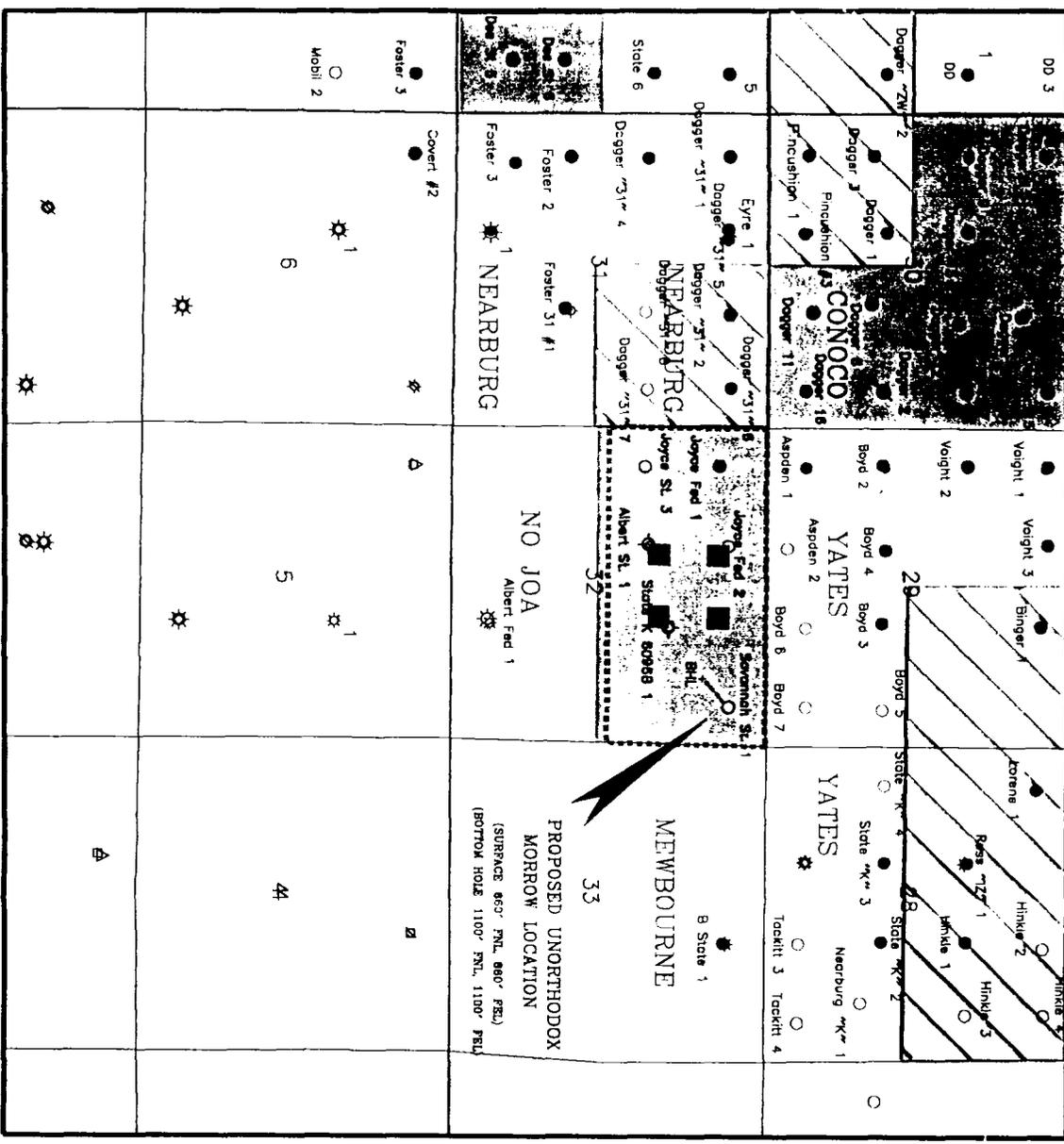
(8) In accordance with Division notice requirements, notice of this application and applicant's request for a hearing to be set on May 4, 1995 has been sent to those parties listed on Exhibit C.

WHEREFORE, Conoco Inc. requests that this application be set for hearing and that after notice and hearing as provided for by Division rules, the application be granted as requested.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

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



CONOCO-OPERATED ACREAGE = SOLID YELLOW

PARTNER-OPERATED W/ CONOCO W.L. = CROSS-HATCHED YELLOW

ORTHODOX MORROW LOCATION WINDOWS IN GREEN

PROPOSED MORROW PROPRATION UNIT

MAGNETIC FIELD PALE  
SECTION CORNER

MIDLAND DIVISION  
MIDLAND, TEXAS

NORTH DAGGER DRAW  
BASEMAP

DATE: 11-20-66  
SCALE: 11:2000 UNITS

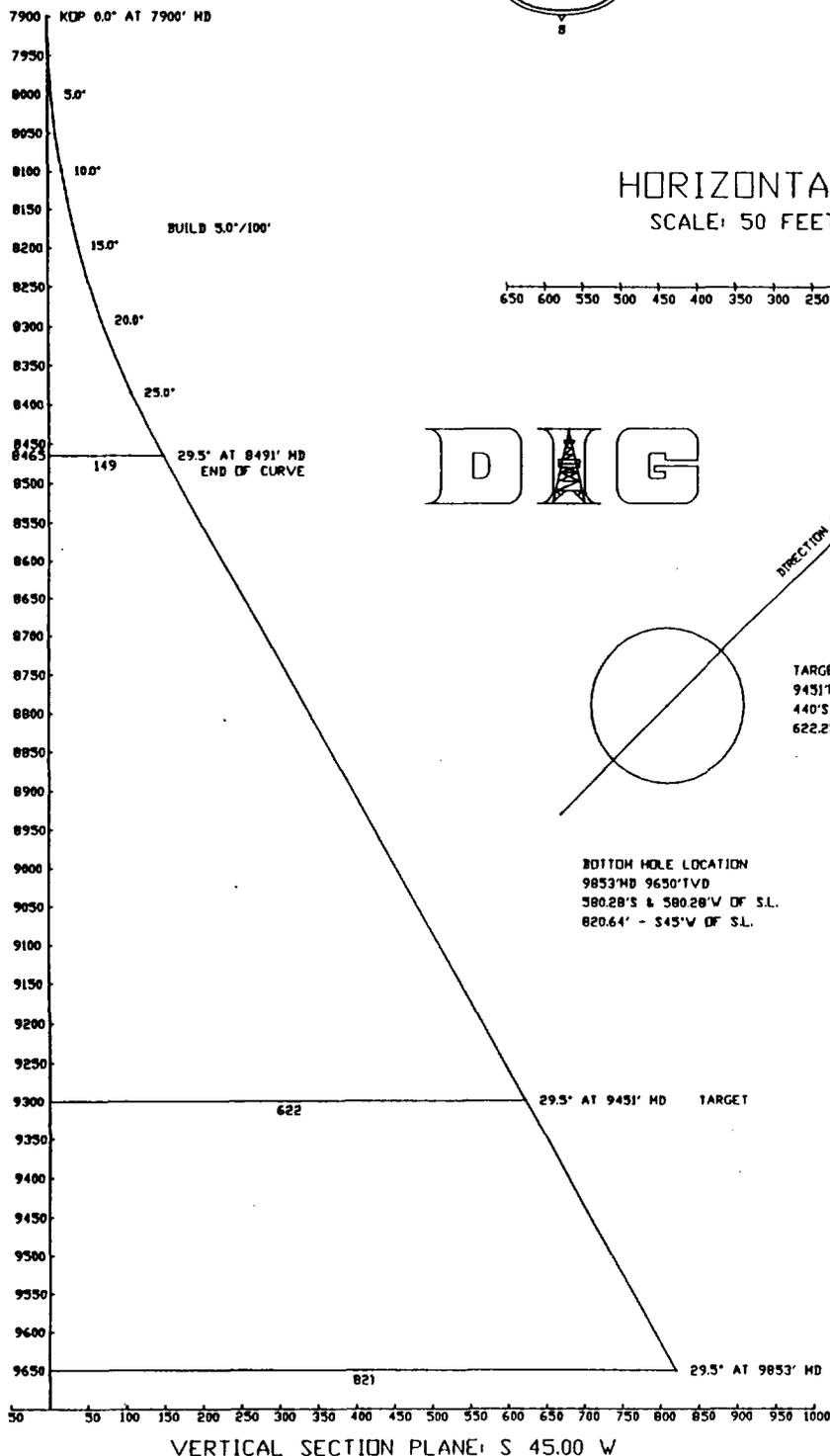
BEFORE AN EXAMINER OF THE  
OIL CONSERVATION DIVISION

Exhibit "A" to Application

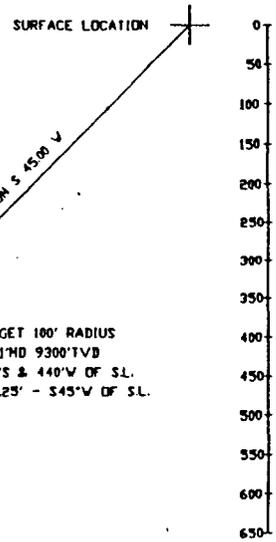
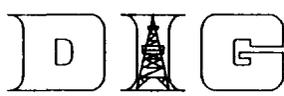
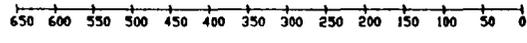
EXHIBIT NO. 1  
 CASE NO.: 11242  
 Submitted by: Conoco Inc.  
 Hearing Date: Apr 6, 1995

CONOCO, INCORPORATED  
 SAVANNAH STATE #1  
 EDDY COUNTY, NEW MEXICO

VERTICAL SECTION  
 SCALE: 50 FEET/DIVISION



HORIZONTAL PLAN  
 SCALE: 50 FEET/DIVISION



TARGET 100' RADIUS  
 9451' MD 9300' TVD  
 440'S & 440'W OF S.L.  
 622.25' - S45°W OF S.L.

BOTTOM HOLE LOCATION  
 9853' MD 9650' TVD  
 580.28'S & 580.28'W OF S.L.  
 820.64' - S45°W OF S.L.

VERTICAL SECTION PLANE: S 45.00 W

BEFORE AN EXAMINER OF THE  
 OIL CONSERVATION DIVISION

EXHIBIT NO. **6**  
 CASE NO.: 11242  
 Submitted by: Conoco Inc.  
 Hearing Date: Apr 6, 1995

Exhibit "B" to Application

**EXHIBIT "C"**  
**CONOCO APPLICATION**

**Yates Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210

**Yates Drilling Company**  
105 South Fourth Street  
Artesia, New Mexico 88210

**Abo Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210

**Myco Industries Inc.**  
105 South Fourth Street  
Artesia, New Mexico 88210

**BHP Petroleum Inc.**  
1360 Post Oak Blvd  
Suite 500  
Houston, Texas 77056-3020

**Faskin Oil & Ranch Interests**  
303 West Wall Street  
Suite 1900  
Midland, Texas 79701-5116

**Mewbourne Oil Company**  
500 West Texas, Suite 1020  
Midland, Texas 79701  
Attn: D. Paul Haden