

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW
EL PATIO BUILDING

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W. THOMAS KELLAHIN*
KAREN AUBREY*

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

JASON KELLAHIN (RETIRED 1991)

July 14, 1992

RECEIVED

JUL 14 1992

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Room 219
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Application of Phillips Petroleum
Company for Three Unorthodox Oil
Well Locations, Lea County, New Mexico

10523

Dear Mr. LeMay:

On behalf of Phillips Petroleum Company, please find enclosed our Application for Three Unorthodox Oil Well Locations which we request be set for hearing on the next available Examiner's docket now scheduled for August 6, 1992.

By copy of this letter, including the Application, to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examiner witnesses either in support of or in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl/appt714.038

Enclosure

xc: Elizabeth A. Harris, Esq.

Phillips Petroleum Company

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

All parties shown in application

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

RECEIVED

JUL 1 1992

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF THREE UNORTHODOX OIL WELL
LOCATIONS, LEA COUNTY, NEW MEXICO

CASE: 10523

A P P L I C A T I O N

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of three unorthodox oil well locations, Lea County, New Mexico. Applicant seeks an exception to Rule 4 of the Special Rules and Regulations of the Tulk-Pennsylvanian Pool, as promulgated by Division Order R-3504, for three unorthodox oil well locations each to be drilled within a fifty-foot radius of the following described sites all within Section 4, Township 15 South, Range 32 East, NMPM, Lea County, New Mexico:

- (1) Chem State Lease Well No. 8: 1050 feet FSL and 1450 feet FEL (Unit 0) Section 4, the 160 acres comprising the SE/4 to be dedicated to said well;

(2) Chem State Lease Well No. 9: 2500 feet FNL and 660 feet FEL (Unit H) Section 4, the 160 acres comprising the NE/4 is to be dedicated to said well;

(3) Chem State Lease Well No. 10: 660 feet FWL and 1300 feet FSL (Unit M) Section 4, the 160 acres comprising the SW/4 is to be dedicated to said well.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company, has the right to drill and test for Pennsylvanian oil production in Section 4, T15S, R32E, NMPM, Lea County, New Mexico.

2. Applicant proposes to test for production by locating the subject wells as described above.

3. The proposed wells will be located within one mile of the Tulk-Pennsylvanian Pool.

4. The Special Rules and Regulations for the Tulk-Pennsylvanian Pool, adopted by Order R-3504 issued September 17, 1968, require 160-acre spacing and proration units and require standard well locations to be within 150 feet of the center of a quarter-quarter section.

5. The proposed wells would be at unorthodox locations and would require exceptions to Rule 4 of subject pool rules.

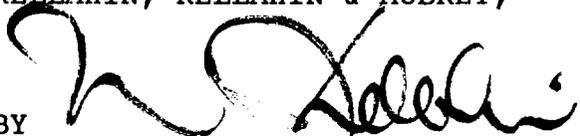
6. Wells at the proposed unorthodox locations should penetrate productive intervals of the Pennsylvanian formation at more favorable structural points than wells drilled at standard locations in the proposed spacing units thereby increasing the likelihood of obtaining commercial production.

7. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Pennsylvanian formation, will 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.

8. In accordance with Division Rule 1207, Applicant has notified those affected parties towards who the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN, KELLAHIN & AUBREY,

BY 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

and

Elizabeth A. Harris, Esq
Phillips Petroleum Company
4001 Penbrook, Suite 401
Odessa, Texas 79762

ATTORNEYS FOR APPLICANT

PHILLIPS PETROLEUM COMPANY
Chem State Well Nos. 8, 9, and 10
Lea County, New Mexico

List of Offset Operators and Mineral Owners :

Phillips Petroleum Company
4001 Penbrook St.,
Odessa, TX 79762

Commissioner of Public Lands
New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Yates Petroleum Company
105 S. Fourth St.
Artesia, NM 88210

KELLAHIN, KELLAHIN AND AUBREY

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OIL CONSERVATION DIVISION

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Room 219
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HAND DELIVERED

Re: First Amended Application
of Phillips Petroleum Company
for Three Unorthodox Oil
Well Locations, Lea County, New Mexico

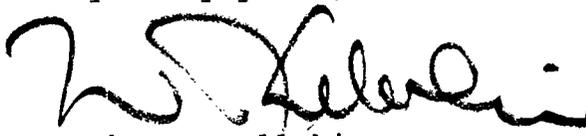
10523

Dear Mr. LeMay:

On behalf of Phillips Petroleum Company, please find enclosed our First Amended Application for Three Unorthodox Oil Well Locations which we request be set for hearing on the next available Examiner's docket now scheduled for August 6, 1992. Due to an error the original application, filed yesterday, listed these wells in the Tulk-Pennsylvanian Pool, instead of the Tulk Wolfcamp Pool. In this pool the wells would be subject to Statewide Rule 104 and the Application has been amended accordingly.

By copy of this letter, including the First Amended Application, to all parties listed on Exhibit A, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examiner witnesses either in support of or in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

William J. LeMay
July 15, 1992
Page Two

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Enclosure

xc: Elizabeth A. Harris, Esq.

Phillips Petroleum Company

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

All parties shown in application

STATE OF NEW MEXICO
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OIL CONSERVATION DIVISION

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JUL 1 1992

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF THREE UNORTHODOX OIL WELL
LOCATIONS, LEA COUNTY, NEW MEXICO

CASE: 10523

F I R S T A M E N D E D
A P P L I C A T I O N

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and amends its application and applies to the New Mexico Oil Conservation Division for approval of three unorthodox oil well locations, Lea County, New Mexico. Applicant seeks an exception to Statewide Rule 104 for three unorthodox oil well locations each to be drilled within one mile of the Tulk Wolfcamp Pool within a fifty-foot radius of the following described sites all within Section 4, Township 15 South, Range 32 East, NMPM, Lea County, New Mexico:

(1) Chem State Lease Well No. 8: 1050 feet FSL and 1450 feet FEL (Unit O) Section 4, the 40 acres comprising the SW/4SE/4 to be dedicated to said well;

(2) Chem State Lease Well No. 9: 2500 feet FNL and 660 feet FEL (Unit H) Section 4, the 40 acres comprising the SE/4NE/4 is to be dedicated to said well;

(3) Chem State Lease Well No. 10: 660 feet FWL and 1300 feet FSL (Unit M) Section 4, the 40 acres comprising the SW/4SW/4 is to be dedicated to said well.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company, has the right to drill and test for Wolfcamp oil production in Section 4, T15S, R32E, NMPM, Lea County, New Mexico.

2. Applicant proposes to test for production by locating the subject wells to an approximate total depth of 10,000 feet as described above.

3. The proposed wells will be located within one mile of the Tulk-Wolfcamp Pool.

4. The Tulk Wolfcamp Pool is subject to the statewide rules, which include Rule 104 requiring standard oil well location to be no closer than 330 feet to the boundaries of a 40-acre spacing unit.

5. The proposed wells would be at unorthodox locations and would require exceptions to statewide spacing rules.

6. Wells at the proposed unorthodox locations should penetrate productive intervals of the Wolfcamp formation at more favorable structural points than wells drilled at standard locations in the proposed spacing units thereby increasing the likelihood of obtaining commercial production.

7. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Wolfcamp formation, will 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.

8. In accordance with Division Rule 1207, Applicant has notified those affected parties towards who the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN, KELLAHIN & AUBREY,

BY 

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P. O. Box 2265
Santa Fe, New Mexico 87504
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Elizabeth A. Harris, Esq
Phillips Petroleum Company
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PHILLIPS PETROLEUM COMPANY
Chem State Well Nos. 8, 9, and 10
Lea County, New Mexico

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