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November 14, 1988

OF COUNSEL  
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CLARENCE E. HINKLE (1901-1988)  
W. E. BONDURANT, JR. (1913-1973)  
ROY C. SNODGRASS, JR. (1914-1987)

\*NOT LICENSED IN NEW MEXICO

Mr. William J. LeMay  
New Mexico Oil Conservation  
Division  
310 Old Santa Fe Trail  
Room 206  
Santa Fe, New Mexico 87504

RECEIVED  
NOV 15 1988  
OIL CONSERVATION DIVISION  
File 9555

Dear Mr. LeMay:

Enclosed are an original and two copies of an Application by Charles B. Gillespie, Jr. for directional drilling and an unorthodox subsurface location. Please set this matter for hearing on December 7, 1988.

Thank you.

Very truly yours,

*James Bruce*

JAMES BRUCE

JB:le  
Enclosures

BEFORE THE NEW MEXICO  
OIL CONSERVATION DIVISION

NOV 1955

OIL CONSERVATION DIVISION

APPLICATION OF CHARLES B. GILLESPIE,  
JR. FOR APPROVAL OF DIRECTIONAL  
DRILLING AND AN UNORTHODOX  
SUBSURFACE LOCATION, LEA COUNTY, NEW  
MEXICO.

Case No. 9555

APPLICATION

CHARLES B. GILLESPIE, JR. hereby applies to the New Mexico Oil Conservation Division for approval of directional drilling and an unorthodox subsurface location in the Humble City Strawn Oil Pool, and in support thereof would show:

1. Applicant is the operator of the Shipp No. 1 Well, located in the  $W\frac{1}{2}NE\frac{1}{4}$  of Section 11, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant, with the consent of all working interest owners, drilled the Shipp No. 1 Well to a depth of 11,880 feet, with a  $W\frac{1}{2}NE\frac{1}{4}$  Section 11 proration unit, at a surface location 550 feet from the North line and 2,310 feet from the East line of Section 11.

3. Applicant proposes to plug back its Shipp No. 1 Well to approximately 8,500 feet, at which point Applicant will commence directionally drilling the subject well to penetrate the top of the Strawn Formation at a true vertical depth of approximately 11,450 feet, to be within a 75 foot radius of an unorthodox subsurface target which will be 990 feet from the North line and 2,310 feet from the East line of Section 11.

4. Applicant proposes that the proration and spacing unit for the subject well will remain as the W $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 11.

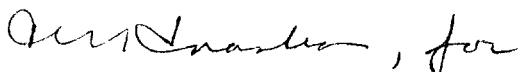
5. Applicant's well will be an attempt to obtain production from the Humble City Strawn Oil Pool, and requires an exception to the pool rules which require wells to be located within 150 feet of the center of a quarter-quarter section.

6. In accordance with Division Rule 111, Applicant seeks approval to directionally drill the subject well based upon geologic and economic reasons.

7. Notice is being provided to all parties listed on Exhibit A attached hereto.

8. Applicant requests that this application be set for hearing on December 7, 1988.

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By 

James Bruce  
500 Marquette, N.W.  
Suite 740  
Albuquerque, New Mexico 87102  
(505) 768-1500

Attorneys for Applicant

EXHIBIT A

Shipp No. 1 - RE-ENTRY OFFSET OPERATORS  
W/2 NE/4 Section 11-17S-37E, Lea County, New Mexico

Amerind Oil Company  
500 Wilco Building  
Midland, Texas 79701  
Attn: Robert C. Leibrock

Bechtel Energy Partners, Ltd.  
5400 Westheimer Court, Ste. 570  
Houston, Texas 77056  
Attn: Karen Franklin

Bill Seltzer  
507 Petroleum Building  
Midland, Texas 79701

Chevron U.S.A. Inc.  
P. O. Box 1150  
Midland, Texas 79702  
Attn: Mickey Cohlma

Conoco Inc.  
P. O. Box 460  
Hobbs, New Mexico 88240  
Attn: Jim McGhee

Mesa Operating Limited Partnership  
P. O. Box 2009  
Amarillo, Texas 79189  
Attn: Larry Hemmingway

Pennzoil Company  
P. O. Box 2967  
Houston, Texas 77252-2967  
Attn: Greg Davis

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702  
Attn: Curtis Smith