

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

IN THE MATTER OF THE APPLICATION OF  
OXY USA, INC. FOR APPROVAL OF AN  
UNORTHODOX GAS WELL LOCATION AND NON-  
STANDARD SPACING AND PRORATION UNIT,  
EDDY COUNTY, NEW MEXICO

RECEIVED

MAY 3 1990

OIL CONSERVATION DIVISION

A P P L I C A T I O N

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COMES NOW OXY USA, INC., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for production from any gas pool spaced on 320 acres, including the East Hess-Morrow Gas Pool, for its Federal "AK" Well No. 1 to be drilled to the base of the Morrow formation, at a location 660 feet from the North line and 1450 feet from the East line of Section 34, T23S, R23E, N.M.P.M., Eddy County, New Mexico with the dedication of a non-standard spacing and proration unit thereto consisting of 327.27 acres, more or less, being Lots 1 and 2, NE/4 and N/2SE/4 (E/2 equivalent) of said Section 34 and in support states:

1. Applicant, OXY USA, Inc., is the operator of and has the right to drill and develop the E/2 (equivalent) of Section 34, T23S, R23E, N.M.P.M., Eddy County, New Mexico.

2. Applicant proposes to develop said spacing unit by the drilling of a well at an unorthodox well location 660 feet from the North line and 1450 feet from the East line of said Section 34.

3. Applicant proposes to dedicate the E/2 (equivalent) of Section 34 being a non-standard unit consisting of 327.27 acres more or less to the well for any gas production below the top of the Wolfcamp formation.

4. The unorthodox well location is sought to satisfy topographic and geologic considerations in developing this spacing unit.

5. While Applicant seeks approval for dedication to and production from any gas pool below the top of the Wolfcamp formation, the primary objective is gas production from the East Hess-Morrow Gas Pool which was established by Division Order R-8065 entered November 1, 1985.

6. The requested surface location for the unorthodox gas well location has been approved by the Bureau of Land Management.

7. The requested unorthodox well location is also a suitable geologic location at which to penetrate the Morrow formation with a vertically drilled well.

8. Applicant is unable to locate the well at an acceptable standard subsurface location which also satisfies the requirements of the Bureau of Land Management.

9. Applicant is unable to locate the well at the surface location approved by the Bureau of Land Management and then directionally drill to a standard subsurface location acceptable to Applicant without incurring considerable expense.

10. In accordance with Division Rule 1207, the following offset operators are entitled to and have been sent notice of this Application:

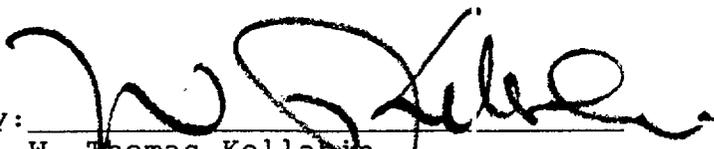
(1) Yates Petroleum Corporation  
105 South 4th Street  
Artesia, New Mexico 88210

(2) Yates Energy Corporation  
P. O. Box 2323  
Sunwest Centre, Suite 1010  
Roswell, New Mexico 88202  
Attn: Ms. Sharon R. Hamilton

11. Approval of the Application, without a production penalty, will afford the operator and the other mineral interest owners for this spacing unit the opportunity to recover its proportionate share of the gas from the pool thereby preventing waste and protecting correlative rights.

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

KELLAHIN KELLAHIN & AUBREY

By: 

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