

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

June 15, 1990

RECEIVED

JUN 17 1990

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

9996

Re: Application of TXO Production Corp.
for an Unorthodox Oil Well location
Yates Federal No. 16 Well,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of TXO Production Corp., please find enclosed our Application for an Unorthodox Well Location for the referenced well which we request be set for hearing on the next available Examiner's docket now scheduled for July 11, 1990.

Very truly yours,



W. Thomas Kellahin

WTK/tic
Enclosure

xc: TXO Production Corp.
415 West Wall, Suite 900
Midland, Texas 79701-4468
Attn: Mr. Richard H. Coats

RECEIVED

JUN 17 1990

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
TXO PRODUCTION CORP. FOR
APPROVAL OF AN UNORTHODOX
OIL WELL LOCATION, EDDY COUNTY,
NEW MEXICO

CASE NO.

9996

A P P L I C A T I O N

COMES NOW TXO PRODUCTION CORP., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location, for its Yates Federal No. 16 Well to be drilled to a total depth of approximately 3400 feet to test the Delaware formation in the undesignated Burton Delaware Oil Pool, at an unorthodox location 2540 feet from the South line and 100 feet from the East line of Section 18, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico with the dedication of a spacing and proration unit thereto consisting of 40 acres, more or less, being NE/4SE/4 of said Section 18 and in support states:

1. Applicant, TXO Production Corp., is the operator of and has the right to drill and develop all of Section 18 and the W/2 of Section 17, T20S, R29E, 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 2540 feet from the South line and 100 feet from the East line of said Section 18 as shown on Exhibit "A" attached hereto.

3. Applicant proposes to dedicate the NE/4SE/4 of Section 18 to the well for any production from the Delaware formation in the Burton Delaware Oil Pool.

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

5. The location of the subject well for a test of the Delaware formation is subject to state-wide rules which provides that wells shall be located no closer than 330 feet to a side boundary of a quarter-quarter section.

6. The subject well for geologic reasons is 2540 feet from the South line and 100 feet from the East line of the NE/4SE/4 of Section 18.

7. The subject spacing unit and each adjoining spacing unit has common royalty overriding royalty and working interest ownership and constitutes the part of the same federal oil and gas lease.

8. The subject well will be moving towards acreage owned by the parties entitled to share in production from the subject well.

9. In accordance with Division Rule 1207, there are no offset operators or working interest owners entitled to notice of this Application.

10. 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 oil from the pool thereby preventing waste and protecting correlative rights.

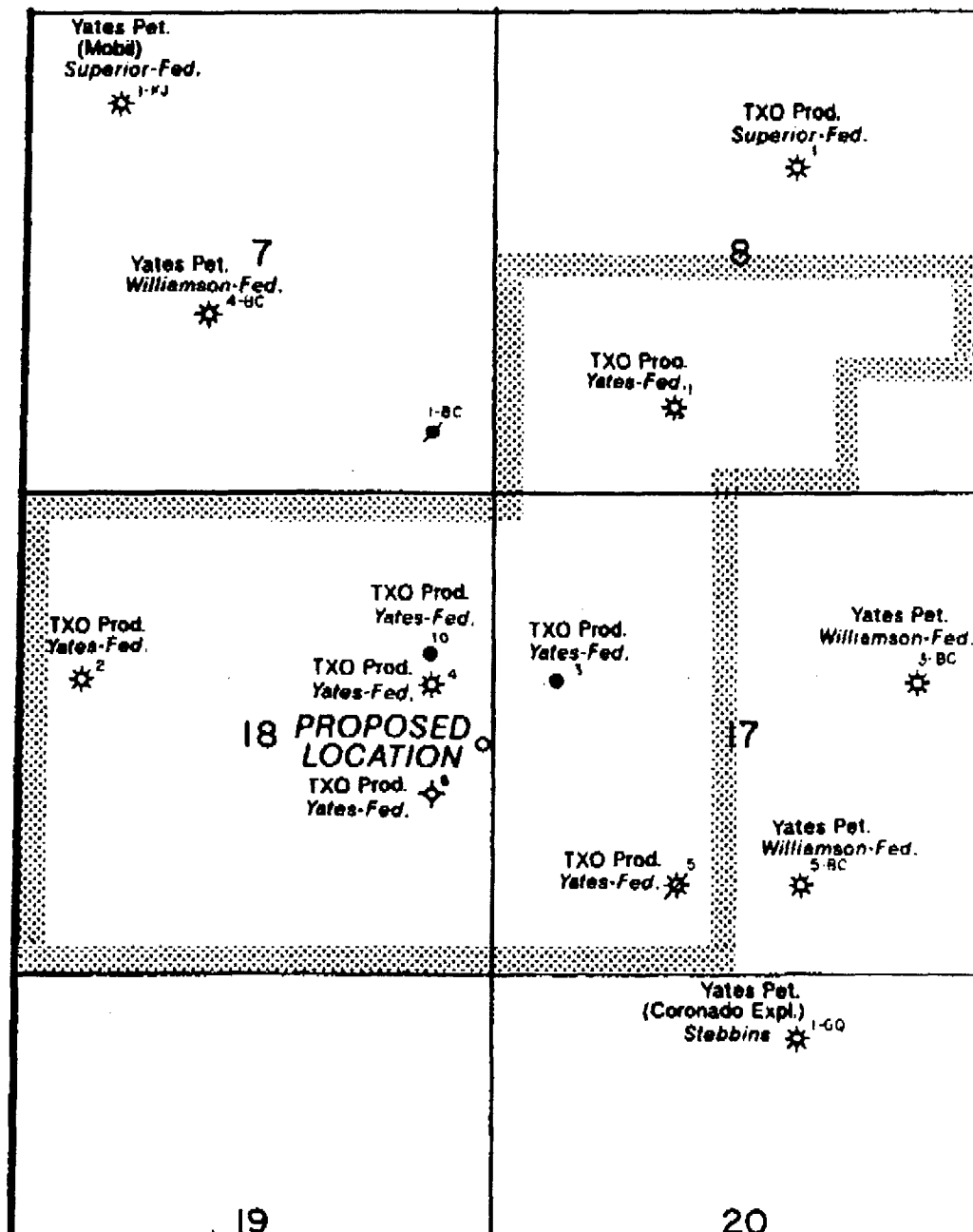
WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN KELLAHIN & AUBREY

By: 

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

T-20-S, R-29-E



TXO Production Corp.

BURTON FLAT, E. FIELD AREA
EDDY COUNTY, NEW MEXICO

UNORTHODOX LOCATION HEARING FOR
TXO PROD. CORP. NO. 16 YATES-FED.

LAND PLAT