

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
Attorneys at Law  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

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June 10, 1985

JUN 10 1985

OIL CONSERVATION DIVISION

Mr. Richard L. Stamets  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

"Hand Delivered"

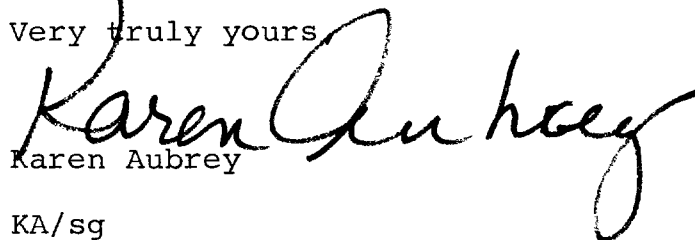
Re: Zia Energy, Inc.  
CSO Federal #2 Well

Case 8639

Dear Mr. Stamets:

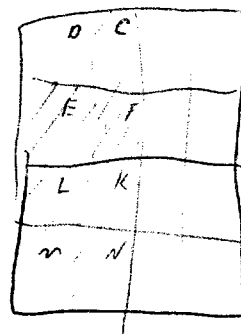
On behalf of Zia Energy, Inc., please set the enclosed application for hearing on the July 2, 1985 Examiner's Docket.

Very truly yours,

  
Karen Aubrey

KA/sg  
Enc.

cc: Mr. Ferris Nelson  
Zia Energy, Inc.  
Post Office Box 2219  
Hobbs, New Mexico 88204



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

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JUN 10 1985

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF ZIA ENERGY, INC., FOR APPROVAL  
OF AN UNORTHODOX GAS WELL  
LOCATION, A NON-STANDARD PRORATION  
UNIT AND SIMULTANEOUS DEDICATION OF  
ACREAGE, LEA COUNTY, NEW MEXICO.

CASE: 86-39

A P P L I C A T I O N

Comes now ZIA ENERGY, Inc., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order approving an unorthodox gas well location 1650 feet FNL and 2310 feet FWL of Section 20, T22S, R36E, Lea County, New Mexico, for its CSO Federal #2 Well and for approval of a 280 acre non-standard Jalmat Gas proration and spacing unit consisting of the SW/4, the E/2NW/4 and the SW/4NW/4 of said Section 20, and for approval to simultaneously dedicate said acreage to both the subject CSO Federal #2 well and to the Cities Federal #2 well located in Unit M of said Section, and as grounds therefor would show:

1. Applicant is the current operator of the Cities Federal #2 well located in Unit M of Section 20, T22S, R36E, Lea County, New Mexico.

2. That the Cities Federal #2 well is dedicated to the previously approved non-standard proration and spacing unit consisting of the SW/4, the E/2NW/4 and the SW/4NW/4.

-1-

allowable in any combination.

4. That applicant proposes to recomplete the subject CSO Federal #2 well, existing oil well located 1650 feet FNL and 2310 feet FWL, as a Jalmat Gas well and seeks to have said location approved as an unorthodox gas well location in the Jalmat Pool.

5. That approval of the application will prevent waste, allow the applicant to recover its share of the


3. That applicant proposes to dedicate the subject CSO Federal #2 well located in Unit F of said section to the same non-standard proration and spacing unit as is now dedicated to the Cities Federal #2 well located in Unit M and that said wells be allowed to produce the unit allowable in any combination.

4. That applicant proposes to recomplete the subject CSO Federal #2 well, existing oil well located 1650 feet FNL and 2310 feet FWL, as a Jalmat Gas well and seeks to have said location approved as an unorthodox gas well location in the Jalmat Pool.

5. That approval of the application will prevent waste, allow the applicant to recover its share of the Jalmat gas reserves underlying its tract and protect correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing before the Division's examiner and that after notice and hearing the application be granted as requested.

Respectfully submitted,

By   
W. Thomas Kealahin  
P. O. Box 2265  
Santa Fe, New Mexico 87501