

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

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Karen Aubrey

El Patio - 117 North Guadalupe
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Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

June 28, 1988

RECEIVED

JUN 28 1988

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

OIL CONSERVATION DIVISION

Case 9439
"Hand Delivered"

Re: First Amended
Application of Union Pacific Resources Company
for the Adoption of Special Rules and Regulations
for the Vada Devonian Oil Pool, Lea County,
New Mexico

Dear Mr. LeMay:

On behalf of Union Pacific Resources Company please
find enclosed our First Amended Application for the
referenced hearing which is set for July 20, 1988.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Jerry R. Carter, Jr.
Union Pacific Resources Company
1000 Louisiana, Suite 3000
Houston, Texas 77002

All parties listed in application

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

RECEIVED

JUN 28 1988

OIL CONSERVATION DIVISION

CASE: 9439

IN THE MATTER OF THE APPLICATION
OF UNION PACIFIC RESOURCES COMPANY
FOR ADOPTION OF SPECIAL RULES FOR
THE VADA DEVONIAN OIL POOL,
LEA COUNTY, NEW MEXICO.

FIRST AMENDED
A P P L I C A T I O N

COMES NOW UNION PACIFIC RESOURCES COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey, and for its First Amended Application applies to the New Mexico Oil Conservation Division for the Adoption of Temporary Special Rules and Regulations for a new Vada Devonian Oil Pool, Lea County, New Mexico, including a provision for 80 acre spacing and in support thereof would show:

1. Applicant, Union Pacific Resources Company, drilled and completed its State 26 #1 well on February 13, 1988 as a new Devonian Oil Discovery in Lea County, New Mexico.

2. The discovery well is located 330 feet FSL and 2310 feet FWL of Section 26, T10S, R33E, NMPM, and is more than six miles from the nearest Devonian oil production.

3. The discovery well constitutes a new discovery of a separate common source of supply which should be designated the Vada Devonian Oil Pool.

4. The vertical limits for the Pool should be all the Devonian formation as found in the discovery well.

5. The initial horizontal limits for the pool should be SW/4 of Section 26 and NW/4 of Section 35, T10S, R33E, NMPM.

6. Special Temporary Rules and Regulations should be adopted for the pool, including the following:

(a) A provision requiring any well drilled and completed within one mile of the outer boundary of any spacing unit dedicated to the pool to be drilled and operated subject to these special rules.

(b) A provision adopting 80 acre spacing for any proration and spacing unit in the pool.

(c) A provision requiring surface locations or wells to be no further than 150 feet from the center of a governmental quarter-quarter section or lot.

(d) A top unit allowable based upon the depth bracket allowable.

(e) A provision allowing a pool wide exception to Rule 111 (Deviation Tests and Directional Drilling) so that a pool well can be directionally drilled or allowed to deviate more than 5 degrees in

any 500 foot interval, provided that the cumulative displacement is not greater than 410 feet from center of a governmental quarter-quarter section, and, further provided that the wellbore is no closer than 250 feet to an outer boundary of its spacing and proration unit when it encounters the top of the Devonian formation.

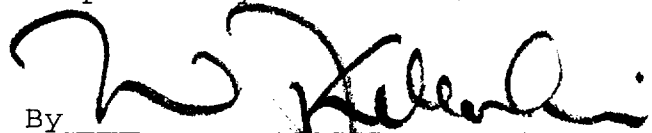
7. That adoption of Temporary Special Rules should be for a period of two years and that said rules will provide for the orderly development of the pool and reduce the opportunity to drill unnecessary wells, prevent waste and protect correlative rights.

8. That a copy of this application has been sent to all those interested parties shown on Exhibit "A" attached hereto and incorporated by reference.

9. Applicant requests that this matter be set for hearing on the Examiners docket now scheduled for July 20, 1988.

WHEREFORE, applicant requests that after notice and hearing, the application be granted as requested.

Respectfully submitted:



By W. Thomas Kellahin
W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P. O. Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

EXHIBIT "A"

R. O. Major &
A. F. Giebel
505 N. Big Springs, Suite 300
Midland, Texas 79701

Donald B. Anderson
Box 1000
Roswell, New Mexico 88210

Texaco, Inc.
Box 3109
Midland, Texas 79701

Kaiser-Francis Special Acct.
D. & Samson Resource Co.
- Jt. Venture
Box 21468
Tulsa, Oklahoma 74121

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OIL CONSERVATION DIVISION

Case 9439

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Oil Conservation Division
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Re: Application of Union Pacific Resources Company
for the Adoption of Special Rules and Regulations
for the Vada Devonian Oil Pool, Lea County,
New Mexico

Dear Mr. LeMay:

On behalf of Union Pacific Resources Company please
find enclosed our application for the referenced hearing
which we request be set at the next available examiners
docket of July 20, 1988.

The following is suggested as an advertisement for
the docket and newspaper publication of notice:

Application of Union Pacific Resources Company for
special pool rules, Lea County, New Mexico.
Applicant, in the above styled cause seeks the
promulgation of temporary special pool rules for the
Vada-Devonian Oil Pool located in portions of
Section 35 and 26 of T10S, R35E, NMPM, including a
provision for 80 acre spacing and for exceptions to
Rule 111. Said area is located approximately ___
miles ___ of ___, New Mexic.

By copy of this application and letter, sent regular
mail, we are notifying all interested parties within one
mile of the discovery well of their right to appear at
the hearing and to participate in the hearing, including
the right to present evidence either in support of or in
opposition to this application.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
June 21, 1988
Page 2

cc: Mr. Jerry R. Carter, Jr.
Union Pacific Resources Company
1000 Louisiana, Suite 3000
Houston, Texas 77002

All parties listed in application

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
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FOR ADOPTION OF SPECIAL RULES FOR
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LEA COUNTY, NEW MEXICO.

CASE: 9439

A P P L I C A T I O N

COMES NOW UNION PACIFIC RESOURCES COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for the Adoption of Temporary Special Rules and Regulations for a new Vada Devonian Oil Pool, Lea County, New Mexico, including a provision for 80 acre spacing and in support thereof would show:

1. Applicant, Union Pacific Resources Company, drilled and completed its State 26 #1 well on February 13, 1988 as a new Devonian Oil Discovery in Lea County, New Mexico.

2. The discovery well is located 330 feet FSL and 2310 feet FWL of Section 26, T10S, R33E, NMPM, and is more than six miles from the nearest Devonian oil production.

3. The discovery well constitutes a new discovery of a separate common source of supply which should be designated the Vada Devonian Oil Pool.

4. The vertical limits for the Pool should be the Devonian formation as found on the porosity log of the discovery well, from 12,640 feet to 12,800 feet.

5. The initial horizontal limits for the pool should be SW/4 of Section 26 and NW/4 of Section 35, T10S, R33E, NMPM.

6. Special Temporary Rules and Regulations should be adopted for the pool, including the following:

(a) A provision requiring any well drilled and completed within one mile of the outer boundary of any spacing unit dedicated to the pool to be drilled and operated subject to these special rules.

(b) A provision adopting 80 acre spacing for any proration and spacing unit in the pool.

(c) A provision requiring surface locations or wells to be no further than 150 feet from the center of a governmental quarter-quarter section or lot.

(d) A top unit allowable based upon the depth bracket allowable.

(e) A provision allowing a pool wide exception to Rule 111 (Deviation Tests and Directional Drilling) so that a pool well can be directionally drilled or allowed to deviate more than 5 degrees in any 500 foot interval, provided that the cumulative displacement is not greater than 250 feet, and, further provided that the wellbore is no closer than

330 feet to an outer boundary of its spacing and proration unit when it encounters the top of the Devonian formation.

7. That adoption of Temporary Special Rules should be for a period of two years and that said rules will provide for the orderly development of the pool and reduce the opportunity to drill unnecessary wells, prevent waste and protect correlative rights.

8. That a copy of this application has been sent to all those interested parties shown on Exhibit "A" attached hereto and incorporated by reference.

9. Applicant requests that this matter be set for hearing on the Examiners docket now scheduled for July 20, 1988.

WHEREFORE, applicant requests that after notice and hearing, the application be granted as requested.

Respectfully submitted:



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