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RECEIVED

June 28, 1988

JUN 28 1988

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

OIL CONSERVATION DIVISION

"Hand Delivered"

Re: Union Pacific Resources Company
for an Unorthodox Subsurface
Location and Approval to
Intentionally Deviate Wellbore
Lea County, New Mexico

Case 9440

Dear Mr. LeMay:

On behalf of Union Pacific Resources Company, please
set the enclosed application for hearing at the next
available examiner's docket now set for July 20, 1988.

We suggest the following to be used for the
advertisement for this case:

Application of Union Pacific Resources Company for
an unorthodox subsurface location and directional
drilling, Lea County, New Mexico. Applicant in the
above styled cause seeks approval to plug back its
State 26 No. 2 Well to 9,900 feet and then commence
drilling directionally to penetrate the top of the
Devonian Formation at a true vertical depth of
approximately 12,900 feet and within a 150 foot
radius of an unorthodox subsurface location 1910
feet from the South line and 2580 feet from the East
line of Section 26, T10S, R33E, with the N/2SE/4 of
said section being dedicated to its State 26 #2
Well, forming a standard 80-acre oil spacing and
proration unit for said pool. Said location is
approximately _____ miles _____ of _____, New
Mexico.

By copy of this letter and application sent
certified mail return-receipt to all offset operators, we
are notifying each of them of the right to appear at the
hearing either in support or in opposition to this

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
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application. Should any such party desire more information about this matter or about the procedures to hearing this application, they may call the Division or the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin

WTK:ca

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

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

IN THE MATTER OF THE APPLICATION
OF UNION PACIFIC RESOURCES COMPANY FOR
APPROVAL FOR DIRECTIONAL DRILLING
AND APPROVAL OF AN UNORTHODOX
SUBSURFACE LOCATION, LEA COUNTY,
NEW MEXICO.

Case 9440
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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 approval for directional drilling and an unorthodox subsurface location in the Vada Devonian Pool.

2. Applicant is the operator of the State 26 #2 well, Section 26, T10S, R33E, NMPM.

3. Applicant with the consent of all working interest owners drilled the State 26 #2 Well to a depth of 12,900 feet with a N/2SE/4 proration unit and at a surface location 1910 feet from the South line and 1980 feet from the East line of said Section 26.

4. Applicant will plugged back its State 26 #2 well to 9,900 feet at which point applicant then commenced to directionally drill the subject well to

penetrate the top of the Devonian Formation at a true vertical depth of approximately 12,900 feet (12,952 measured depth) to be within 150 foot radius of an unorthodox subsurface target which will be 1910 feet from the South line and 2580 feet from the East line of said section.

5. The applicant proposes that the proration and spacing unit for the subject well will remain in the N/2SE/4 of said Section 26.

6. Applicant's well will be an attempt to obtain production from the Vada Devonian Pool which requires wells to locate within 150 feet of the center of a quarter-quarter section.

7. Applicant is in the process of directional drilling the subject well based upon prior verbal approval by the Division.

8. In accordance with Division Rule 111, applicant seeks approval to directional drill the subject well based upon geologic and economic reasons.

9. Applicant and the working interest owners participating in the subject well are also the working interest owners in the balance of Section 26 towards which the subject well encroaches.

10. Applicant requests that this application be set for hearing on July 20, 1988.

Wherefore, applicant requests that after notice and hearing the application be approved as requested.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

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