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RECOGNIZED SPECIALIST IN THE AREA OF
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JASON KELLAHIN (RETIRED 1991)

February 20, 1995

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Re: *Julie Com Well No. 3*
Application of CONOCO INC. for
an Unorthodox Gas Well Location
Eddy County, New Mexico

Dear Mr. Stogner:

On behalf of Conoco Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for March 16, 1995.

By copy of this letter and application, sent certified mail, we are notifying all interested parties towards which this well is encroaching of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

11241

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FEB 20 1995

Oil Conservation Division

Mr. Michael E. Stogner
February 20, 1995
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Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, March 10, 1995, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

WTK/wtk
Enclosure

cc: Conoco and
By Certified Mail - Return Receipt
All Parties Listed in Application

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Oil Conservation Division

PROPOSED ADVERTISEMENT

CASE 11241 Application of Conoco Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Julie Com Federal Com Well No. 3 at an unorthodox gas well location 660 feet FNL and 660 feet FEL (Unit A) in Section 17, T19S, R25E, NMPM, Eddy County, New Mexico, to a total vertical depth to the base of the Morrow formation to be dedicated to a standard 320-acre spacing and proration unit consisting of the N/2 of Section 17 in the Undesignated Boyd-Morrow Gas Pool and to be dedicated to a 160-acre standard proration and spacing unit consisting of the NE/4 of said Section 17 in the North Dagger Draw-Upper Pennsylvanian Pool. Said unit is located approximately 9 miles west of Lakewood, New Mexico.

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

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**IN THE MATTER OF THE APPLICATION
OF CONOCO INC. FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO**

Oil Conservation Division

CASE NO.: 11241

APPLICATION

Comes now CONOCO INC. by its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to drill its Julie Com Well No. 3 at an unorthodox gas well location 660 feet FNL and 660 feet FEL (Unit A) in Section 17, T19S, R25E, NMPM, Eddy County, New Mexico, and drilling to a total vertical depth to the base of the Morrow formation to be dedicated to a standard 320-acre spacing and proration unit consisting of the N/2 of Section 17 for the Undesignated Boyd-Morrow Gas Pool and to be dedicated to a standard 160-acre spacing and proration unit consisting of the NE/4 of Section 17 for the North Dagger Draw-Upper Pennsylvanian Pool and in support states:

(1) Conoco Inc. is a working interest owner in the N/2 of Section 17, Township 19 South, Range 25 East, Eddy County, New Mexico

(2) Conoco proposes to drill its Julie Com Well No. 3 at an unorthodox gas location 660 feet FNL and 660 feet FEL (Unit A) in Section 35 with dedication of a standard 320-acre spacing and proration unit consisting of the N/2 of said Section 17 for the Boyd-Morrow Gas Pool and being a standard location for production from the Cisco formation of the North Dagger Draw-Upper Pennsylvanian Pool to which a standard 160-acre spacing and proration unit consisting of the NE/4 of said Section 17 will be dedicated.

Conoco, Inc.
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(3) The Morrow formation at this location is within one mile of the current boundary of the Boyd-Morrow Gas Pool.

(4) The Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool provide, among other things, for 160-acre proration and spacing units for either oil or gas production with wells located no closer than 660 feet to the nearest boundary of the tract, nor closer than 330 feet to any quarter-quarter section of subdivision inner boundary.

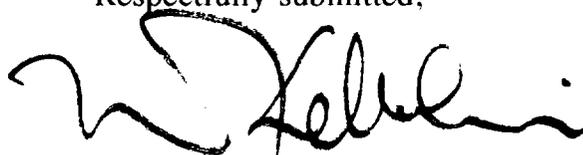
(5) Based upon geological considerations and in order to maximize the opportunity to encounter the Morrow formation at its most favorable location in this spacing unit while providing the only remaining 40-acre tract within the NE/4 of said Section 17 which is still available for a Cisco well in the North Dagger Draw-Upper Pennsylvanian Pool, Conoco Inc. proposes to locate the well in the Morrow formation at an unorthodox gas well location.

(6) The proposed location will afford to Conoco Inc. and the interest owners in the proposed well the optimum location at which to test for both Morrow or Cisco production.

(7) In accordance with Division notice requirements, notice of this application and applicant's request for a hearing to be set on March 16, 1995 has been sent to those parties listed on Exhibit A.

WHEREFORE, Conoco Inc. requests that this application be set for hearing and that after notice and hearing as provided for by Division rules, the application be granted as requested.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

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

EXHIBIT "A"
CONOCO APPLICATION

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210

Abo Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Myco Industries Inc.
105 South Fourth Street
Artesia, New Mexico 88210

BHP Petroleum Inc.
1360 Post Oak Blvd
Suite 500
Houston, Texas 77056-3020

Faskin Oil & Ranch Interests
303 West Wall Street
Suite 1900
Midland, Texas 79701-5116