

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 13, 1995

11242

HAND DELIVERED

RECEIVED

MAR 13 1995

Oil Conservation Division

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

Re: *Savannah Well No. 1*
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 April 6, 1995.

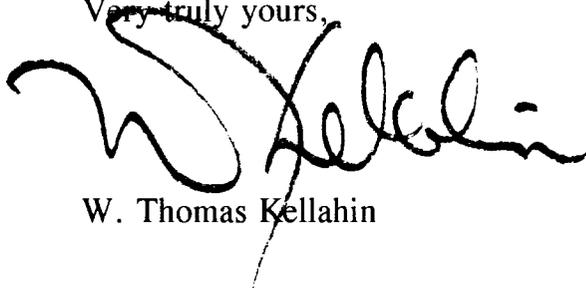
By copy of this letter and application, sent certified mail, we are notifying all interested parties towards which this well is encroaching of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application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

Mr. Michael E. Stogner
March 13, 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 31, 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". The signature is written in a cursive style with a large initial "W" and a long horizontal stroke.

W. Thomas Kellahin

WTK/wtk
Enclosure

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

RECEIVED

MAR 13 1995

Oil Conservation Division

PROPOSED ADVERTISEMENT

CASE 1242 Application of Conoco Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Savannah Well No. 1 at an unorthodox gas well location 660 feet FNL and 660 feet FEL (Unit A) in Section 32, 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 32 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 32 in the North Dagger Draw-Upper Pennsylvanian Pool. Said unit is located approximately 8 miles west of Lakewood, New Mexico.

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

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MAR 13 1995

Oil Conservation Division

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

CASE NO.: 11242

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 Savannah Well No. 1 at an unorthodox gas well location 660 feet FNL and 660 feet FEL (Unit A) in Section 32, 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 32 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 32 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 32, Township 19 South, Range 25 East, Eddy County, New Mexico

(2) Conoco proposes to drill its Savannah Well No. 1 at an unorthodox gas location 660 feet FNL and 660 feet FEL (Unit A) in Section 32 with dedication of a standard 320-acre spacing and proration unit consisting of the N/2 of said Section 32 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 32 will be dedicated.

Conoco, Inc.
NMOCD Application
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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.

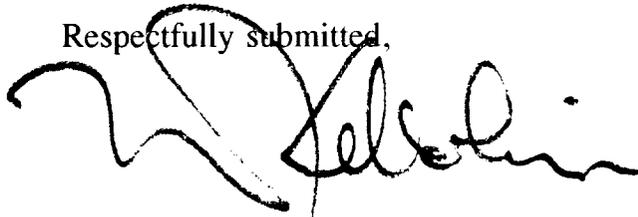
(5) Based upon geological considerations and in order to maximize the opportunity to encounter the Morrow formation at its most favorable location in this spacing unit while providing the only remaining 40-acre tract within the NE/4 of said Section 17 which is still available for a Cisco well in the 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 April 6, 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 over a horizontal line.

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

SAVANNAH STATE NO. 1

OFFSET OPERATORS

Yates Petroleum Corp.
Yates Drilling Co.
Abo Petroleum Corp.
Myco Industries Inc.
105 South Fourth Street
Artesia, New Mexico 88210

Newburg Producing Co.
3300 North "A"
Bldg. 2, Ste. 120
Midland, TX 79705

Mewbourne Oil Co.
P.O. Box 5270
Hobbs, NM 88241