

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

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

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

August 14, 1995

HAND DELIVERED

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

*Re: Winston Gas Com Well No. 2  
Application of Kerr-McGee Corporation  
for an Unorthodox Gas Well Location,  
and Simultaneous Dedication  
Indian Basin-Morrow Gas Pool,  
Eddy County, New Mexico*

Dear Mr. Stogner:

On behalf of Kerr-McGee Corporation, please find enclosed our Application for An Unorthodox Gas Well Location for its Winston Gas Com Well No. 2 which we request be set for hearing on the next available Examiner's docket now scheduled for September 7, 1995. Also enclosed is our proposed notice for the advertisement.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application.

**RECEIVED**

AUG 14 1995

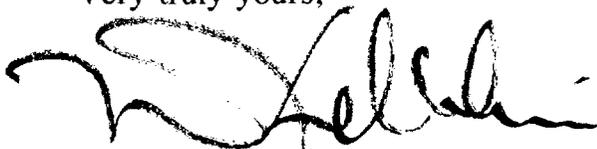
Oil Conservation Division

11378

Oil Conservation Division  
August 14, 1995  
Page 2.

Pursuant to the Division's Memorandum 2-90, all interested 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, September 1, 1995, with a copy delivered to the undersigned.

Very truly yours,

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

W. Thomas Kellahin

cc: Kerr-McGee Corporation  
Attn: Gaylan Bunas (OklaCity)

cc: **CERTIFIED MAIL:**  
All parties shown in application

**RECEIVED**

AUG 14 1995

Oil Conservation Division

Proposed notification/advertisement for OCD docket

Case 11376: Application of Kerr-McGee Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Winston Gas Com Well No. 2 at an unorthodox gas well location 697 feet from the North line and 2146 feet from the East line (Unit B) Section 31, Township 21 South, Range 24 East, NMPM, Indian Basin-Morrow Gas Pool. All of said Section 31 is to be simultaneously dedicated to said well and its currently producing Winston Gas Com Well No. 1, located 1980 feet FWL and 2080 feet FSL (Unit K) to form a standard 640-acre gas spacing and proration unit. Said unit is located approximately 18 miles west of Carlsbad, New Mexico.

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

**RECEIVED**

AUG 14 1995

Oil Conservation Division

IN THE MATTER OF THE APPLICATION  
OF KERR-MCGEE CORPORATION FOR APPROVAL OF  
AN UNORTHODOX GAS WELL LOCATION,  
AND SIMULTANEOUS DEDICATION  
INDIAN BASIN-MORROW GAS POOL,  
EDDY COUNTY, NEW MEXICO

CASE: 11376

**APPLICATION**

Comes now KERR-MCGEE CORPORATION ("KERR-MCGEE") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its Winston Gas Com Well No. 2 at an unorthodox gas well location 697 feet from the North line and 2146 feet from the East line (Unit B) Section 31, Township 21 South, Range 24 East, NMPM, Indian Basin-Morrow Gas Pool. All of said Section 31 is to be simultaneously dedicated to said well and its currently producing Winston Gas Com Well No. 1, located 1980 feet FWL and 2080 feet FSL (Unit K) to form a standard 640-acre gas spacing and proration unit.

In support thereof, Applicant states:

1. Applicant, Kerr-McGee, has the right to drill and test for Morrow gas production in Section 31, T21S, R24E, NMPM, Eddy County, New Mexico.

2. The proposed gas well will be located within the current boundaries of the Indian Basin-Morrow Gas Pool.

3. The subject pool was created by Order R-2441 dated February 28, 1963 and was initially spaced on 640 acre spacing (Rule 2) with standard well locations to be no closer than 1650 feet to the outer boundary of the spacing unit (Rule 4). On May 6, 1965, the Division entered Order R-1670-F in Case 3237 which established gas proration for the pool.

4. The existing well in Section 31 is the Winston Gas Com Well No. 1 located 1980 feet from the West line and 2080 feet from the South line (Unit K) which has become a marginal producer.

5. The proposed Winston Gas Com Well No. 2 will be an "infill" well and will be drilled at an unorthodox location in an attempt to recover any remaining recoverable gas reserves underlying Section 31 which has not been recovered by the first well and thereby prevent waste and protect correlative rights.

6. Kerr-McGee proposes to drill its Winston Gas Com Well No. 2 at an unorthodox gas well location 697 feet from the north and 2146 feet from the east line (Unit B) of Section 31. See Exhibit "A" attached.

7. Until such time as the Winston Gas Com Well No. 1 is abandoned, Kerr-McGee seeks approval to drill, operate and produce the maximum gas allowable assigned to this spacing unit from either or both of these two wells in any combination. When the Winston Gas Com Well No. 1 is abandoned, Kerr-McGee seeks approval to produce the spacing and proration unit's gas allowable from the Winston Gas Com Well No. 2 without penalty.

8. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the remaining gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

9. The Applicant is sending notification to each of the operators for all spacing units adjoining the subject unit as set forth on Exhibit "B" attached.

10. Kerr-McGee requests that this matter be set for hearing on the Division Examiner's docket now scheduled for Santa Fe, New Mexico on September 7, 1995.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

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

BY

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEYS FOR APPLICANT

Kerr-McGee Corporation's  
OCD Application  
Page 4

EXHIBIT "B"  
KERR-MCGEE CORPORATION  
APPLICATION

Marathon Oil Company  
Box 552  
Midland, Texas 79702  
Attn: Thomas C. Lowry, Esq.

Santa Fe Energy Resources, Inc.  
1616 S. Voss Road  
Houston, Texas 77057

Oryx Energy Company  
Box 2880  
Dallas Texas, 75221-1880  
Attn: Mike Malone

Citation Oil & Gas Corporation  
8223 Willow Place South  
Suite 250  
Houston, Texas 77070

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Randy Patterson