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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

November 27, 1995

**HAND DELIVERED**

Mr. William J. LeMay, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: **NMOCD CASE 11433 (Readvertised)**  
Bogel Flats Unit Well No. 13  
First Amended Application of Oryx Energy Company  
for an Unorthodox Gas Well Location,  
and Simultaneous Dedication  
Indian Basin-Upper Pennsylvanian Gas Pool,  
Eddy County, New Mexico

Dear Mr. LeMay:

The referenced case has been docketed for hearing on the NMOCD docket now scheduled for December 7, 1995. On behalf of Oryx Energy Company, we would like to present our evidence at that hearing but to then readvertise and continue the case to the December 21, 1995 docket in order to amend the unorthodox well location.

Oryx Energy Company has reached an agreement with Chevron USA Producing Company, the offset operator, whereby the affected parties have agreed to a stipulated production penalty for a well to be drilled at an amended unorthodox well location 1020 feet from the North line and 750 feet from the East line of the subject section.

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Oil Conservation Division

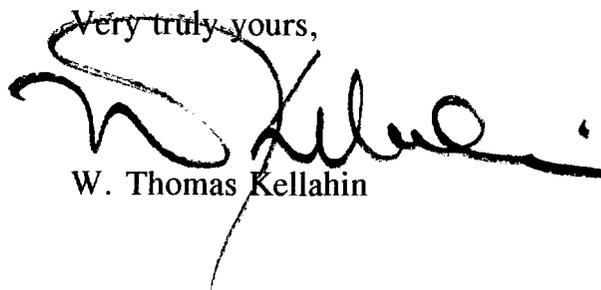
Oil Conservation Division  
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Please find enclosed our First Amended Application for An Unorthodox Gas Well Location which we request be set for hearing on the next available Examiner's docket now scheduled for December 21, 1995. Also enclosed is our proposed amended 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.

In addition, all interested parties are further advised that while they are not required to attend this hearing, failure to appear at that time and become a party of record could preclude them from challenging the matter at a later date.

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, December 15, 1995, with a copy delivered to the undersigned.

Very truly yours,  
  
W. Thomas Kellahin

cc: Oryx Energy Company  
Attn: C. Michael Malone (Dallas)

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

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Oil Conservation Division

Proposed notification/advertisement for OCD docket

Case 11433: (Readvertised and continued from the December 7, 1995 Examiners hearing) Application of Oryx Energy Company for an unorthodox gas well location and Simultaneous Dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 1020 feet from the North line and 750 feet from the East line (Unit A) Section 17, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its currently producing Bogel Flats Unit Well No. 9, located 2035 feet FNL and 1650 feet FEL (Unit G) to form a standard 640-acre gas spacing and proration unit. Said unit is located approximately 27 miles west of Carlsbad, New Mexico.

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

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Oil Conservation Division

IN THE MATTER OF THE APPLICATION  
OF ORYX ENERGY COMPANY FOR APPROVAL OF  
AN UNORTHODOX GAS WELL LOCATION,  
AND SIMULTANEOUS DEDICATION  
INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL,  
EDDY COUNTY, NEW MEXICO

CASE: 11433

**FIRST AMENDED APPLICATION**

Comes now ORYX ENERGY COMPANY ("ORYX") by and through its attorneys, KELLAHIN and KELLAHIN, and for its first amended application applies to the New Mexico Oil Conservation Division for approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 1020 feet from the North line and 750 feet from the East line (Unit A) Section 17, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its currently producing Bogel Flats Unit Well No. 9, located 2035 feet FNL and 1650 feet FEL (Unit G) to form a standard 640-acre gas spacing and proration unit.

In support thereof, Applicant states:

1. Applicant, Oryx Energy Company, has the right to drill and test for Pennsylvanian gas production in Section 17, T22S, R23E, N.M.P.M., Eddy County, New Mexico.
2. The proposed gas well will be located within the current boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool.

3. The subject pool was created by Order R-2440 dated March 1, 1963 and was initially spaced on 640 acre spacing, Rule 2(A), with Rule 2(B) setting standard well locations to be no closer than 1650 feet to the outer boundary of the spacing unit. On April 14, 1965, the Division entered Order R-1670-F in Case 3237 which established gas proration for the pool.

4. The existing well in Section 17 is the Bogel Flats Unit Well No. 9 located 2035 feet from the North line and 1650 feet from the East line (Unit G) which has become a marginal producer. See locator plat identified and attached as Exhibit "A".

5. The proposed Bogel Flats Unit Well No. 13 will be an "infill" well and will be drilled at an unorthodox location in order to attempt to recover any remaining recoverable gas reserves underlying Section 17 which have not been recovered by the first well and thereby prevent waste and protect correlative rights.

6. Oryx proposes to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 1020 feet from the North and 750 East lines of Section 17.

7. Until such time as the Bogel Flats Unit Well No. 9 is abandoned, Oryx 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. Once the Bogel Flats Unit Well No. 9 is abandoned, Oryx seeks approval to produce the spacing and proration unit's gas allowable from the Bogel Flats Unit Well No. 13 without penalty.

8. Subject to Division approval, Oryx has entered into a stipulation with the appropriate offsetting interest owners/operators whereby the parties have agreed to consent to the proposed unorthodox well location and simultaneous dedication provided that a maximum allowable of 69.5% of the current maximum non-marginal unit allowable is assigned to the subject spacing unit.

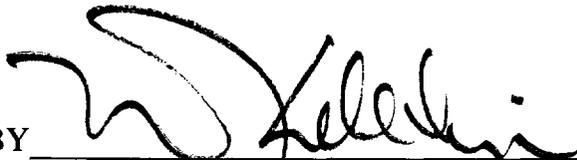
9. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the remaining gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive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

10. The Applicant is sending notification to each of the operators for all spacing units towards which the subject well encroaches as well as each operator or lessee adjoining the subject spacing unit all as set forth on Exhibit "B".

11. Oryx requests that this matter be heard at the December 7, 1995 hearing and readvertised and continued to the December 21, 1995 docket.

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

KELLAHIN and KELLAHIN

BY 

W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR APPLICANT

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OCD Application  
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**EXHIBIT "B"**

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

Chevron USA Producing Company  
15 Smith Road  
Midland, Texas 79705

Enervest Operating LLC  
1001 Fannin, Suite 900  
Houston, Texas 77002