

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF CONOCO INC.
FOR SPECIAL POOL RULES FOR THE
WEST MALJAMAR-DEVONIAN POOL
LEA COUNTY, NEW MEXICO.

CASE NO. 11773

A P P L I C A T I O N

Comes now Conoco, Inc. ("Conoco") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation for the promulgation of Special Pool Rules and Regulations for the West Maljamar-Devonian Pool including 160-acre oil spacing and proration units, special well locations requirements and a special depth bracket oil allowable of 900 barrels of oil per day and in support thereof states:

1. Conoco has drilled, completed and now operates its Elvis Well No. 1, located 1780 feet from the North line and 1980 feet from the West line (Unit F) of Section 20, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

2. This well constitutes a "new oil discovery" for the production of oil from the Devonian formation.

3. On January 1, 1997, Conoco filed a request with the Division's Hobbs office for the creation of a new Devonian oil pool ("West Maljamar Devonian Pool") comprising the NW/4 of Section 20, Township 17 South Range 32 East.

4. On February 25, 1997, Conoco filed an application with the Division's Hobbs office requesting the assignment of a "discovery oil allowable" to the Elvis Well No. 1.

5. The nearest historical Devonian oil production was located within one mile to the north in the now abandoned Maljamar-Devonian Pool.

6. Conoco seeks the creation of a new pool which shall be defined as all of the Devonian formation as identified on the log of the discovery well with an initial pool boundary consisting of:

7. Conoco now requests the adoption of the following Special Rules and Regulations for the West Maljamar-Devonian Pool:

- (a) 160-acre oil spacing and proration units;
- (b) with no more than one producing well for each 160-acre spacing or proration unit;
- (c) well locations within 330 feet of the side boundary of a governmental quarter-quarter section;
- (d) a special limiting gas oil ratio of 2,000 cubic feet of gas per barrel of oil;
- (e) a special depth bracket maximum oil allowable of 900 barrels of oil per day per oil spacing unit; and

NMOCD Application

Conoco Inc.

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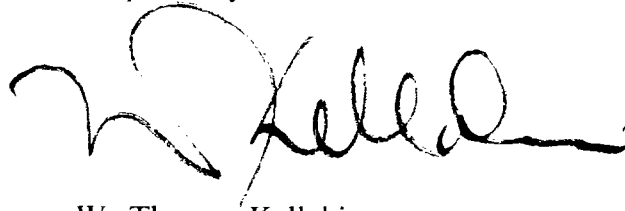
(f) that each well completed or recompleted in this pool or the Devonian formation within one mile thereof, shall be spaced, drilled operated and produced in accordance with these special rules.

8. Based upon data from the discovery well, the initial rules for the pool should provide for 160-acre oil proration and spacing units combined with the limit of no more than one well per unit to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the reservoir.

9. Notification of this application and request for hearing to be held on May 1, 1997 has been sent to all operators within one mile of the outer boundary of the pool as set forth on Exhibit "A" attached. Conoco currently is the only operator within this pool.

Wherefore, Applicant's request that, after notice and hearing, this application be granted.

Respectfully submitted,

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

W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87501

MALJAMAR DEVONIAN, WEST POOL
OFFSET OPERATORS WITHIN ONE MILE OF POOL BOUNDARY

Amoco Production Company
P. O. Box 3092
Houston, TX 77253

Bulldog Energy
P. O. Box 668
Artesia, NM 88210

Chevron
P. O. Box 1150
Midland, TX 79702

OXY USA Inc.
P. O. Box 300
Tulsa, OK 74102