

*To Be at for the
12/17 hearing*

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JASON KELLAHIN (RETIRED 1991)

November 10, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Barbara Federal #16 Well
Application of Conoco Inc.
for an Unorthodox Oil
Well Location, North Dagger Draw-
Upper Penn Oil Pool, Eddy County,
New Mexico

Case 10633 RECEIVED

NOV 10 1992

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

On behalf of Conoco Inc., please find enclosed our Application for An Unorthodox Oil Well Location for the Barbara Federal #16 Well which we request be set for hearing on the next available Examiner's docket now scheduled for December 3, 1992.

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-examiner witnesses either in support of or in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

xc: Jerry Hoover (Conoco-Midland)

CERTIFIED MAIL - RETURN RECEIPT

All parties listed in the Application

appt1110.089

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

IN THE MATTER OF THE APPLICATION
OF CONOCO INC. FOR APPROVAL OF
AN UNORTHODOX OIL WELL LOCATION,
NORTH DAGGER DRAW-UPPER PENN OIL POOL,
EDDY COUNTY, NEW MEXICO

RECEIVED
OIL CONSERVATION DIVISION
CASE: 10633

A P P L I C A T I O N

Comes now CONOCO INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for its Barbara Federal #16 Well in the North Dagger Draw-Upper Pennsylvanian Oil Pool, Eddy County, New Mexico to be drilled at an unorthodox location 1980 feet FNL and 1530 feet FWL (Unit F) Section 18, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico and to be dedicated to a 160-acre standard oil proration and spacing unit consisting of the NW/4 of said Section 18.

In support thereof, Applicant states:

1. Applicant, Conoco Inc., has the right to drill and test for production in the NW/4 of Section 18, T19S, R25E, N.M.P.M, Eddy County, New Mexico.

2. Applicant proposes to test for production by locating the subject well as described above.

3. The proposed well will be located within the current boundaries of the North Dagger Draw-Upper Pennsylvanian Oil Pool.

4. The subject pool was created by Order R-4691 dated December 11, 1973 and was initially spaced on 320 acre spacing (Rule 2) with Rule 4 setting standard well locations to be not closer than 660 feet to any outer boundary of the spacing unit, nor closer than 330 feet to any quarter-quarter section line.

5. Thereafter, on February 3, 1976, the Division entered Order R-4691-A which amended Rule 2 changing the spacing from 320 acres to 160 acres, but did not amend Rule 4 as to well locations.

6. The proposed well would be at unorthodox location because it is 210 feet from the east side of SE/4NW/4 rather than the required 330 feet and would require an exception to Rule 4 of the subject pool.

7. The standard locations within this spacing unit are either too close to the Barbara Federal #5 Well, a plugged and abandoned well in this pool, which is located

1980 feet from north and west lines of Section 18, or are too close to the edge of the productive limits of the pool.

8. A well at the proposed unorthodox location should penetrate productive intervals of the Canyon formation at more favorable geologic points than a well drilled at standard locations in the proposed spacing unit and/or should be outside of the drainage affects of the Barbara Federal #5 Well thereby increasing the likelihood of obtaining commercial production.

9. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Canyon formation, 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. Other than the applicant, Yates Petroleum Corporation is the only other operator with a spacing unit adjoining the subject spacing unit. Therefore, although the location does not encroach towards Yates, Conoco is providing notification of this application as follows:

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210
ATTN: Mr. Randy Patterson

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

Respectfully submitted,

KELLAHIN and KELLAHIN

BY 

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ATTORNEY FOR APPLICANT