

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

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

January 29, 1991

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2208
Santa Fe, New Mexico 87504

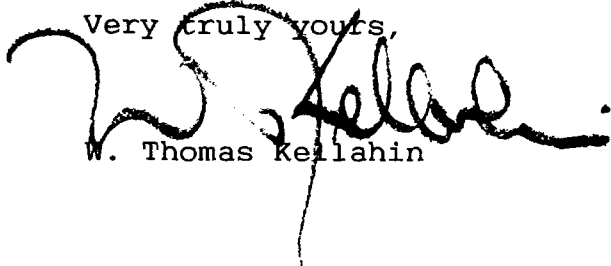
Re: Application for Establishment of Statewide
Gas Spacing for the McMillian-Morrow Gas
Pool, or Alternate Remedies Including an
Unorthodox Gas Well Location and Spacing
Unit, Eddy County, New Mexico,
Pacific Enterprises Oil Company (USA)

Dear Mr. LeMay:

Enclosed please find the original and one copy of
an application by Pacific Enterprises Oil Company (USA)
to amend special pool rules for McMillian-Morrow Gas
Pool and to establish statewide gas spacing, Eddy
County, New Mexico, and other alternative remedies.
Please set this application for hearing on the Examiner
docket on February 21, 1991.

In accordance with N.M.O.C.D. Rule 1207(4), we are
sending all operators of wells and unleased mineral
owners within one mile listed in this application a
copy of this letter and a copy of the enclosed
application, by certified mail, in order to notify them
that they have the opportunity to appear in support of
or in opposition to the enclosed application.

Very truly yours,


W. Thomas Kellahin

WTK/tic
Enclosure

RECEIVED

JAN 29 1991

OIL CONSERVATION DIV
SANTA FE

Mr. William J. LeMay
January 29, 1991
Page 2

cc: Craig Clark
Pacific Enterprises Oil Company (USA)
Post Office Box 3083
Midland, Texas 79702

Certified mail, return-receipt
All parties listed on Exhibit "A"
of application

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

IN THE MATTER OF THE APPLICATION OF
PACIFIC ENTERPRISES OIL COMPANY (USA)
TO ESTABLISH STATEWIDE GAS WELL SPACING
AND LOCATIONS FOR McMILLIAN-MORROW GAS
POOL, OR IN THE ALTERNATIVE FOR INFILL
DRILLING PROVISION, OR IN THE ALTERNATIVE
FOR AN UNORTHODOX GAS WELL LOCATION AND
NON-STANDARD PRORATION UNIT, EDDY COUNTY,
NEW MEXICO

CASE NO. 10250

A P P L I C A T I O N

COMES NOW PACIFIC ENTERPRISES OIL COMPANY
(USA), by and through its attorneys, KELLAHIN, KELLAHIN
& AUBREY, in accordance with statutes of the State of
New Mexico, and the Rules of the New Mexico Oil
Conservation Division, and applies to the New Mexico
Oil Conservation Division to establish statewide
spacing (320 acres) and corresponding statewide
locations for the McMillian-Morrow Gas Pool, including
but not limited to Sections 13 and 24, T20S, R26E and
Sections 7, 18, and 19, T20S, R27E, Eddy County,
N.M.P.M., with a provision to exempt both Sections 13
and 18 so long as the current wells in each of those
two sections continues to produce gas from the pool and

RECEIVED

JAN 29 1991

OIL CONSERVATION DIV
SANTA FE

upon abandonment said sections will automatically revert to statewide spacing. In the alternative, applicants seeks an Infill Drilling Provision which will allow a second gas well on a spacing unit in the pool. If necessary, applicant further seeks the approval of its well to be drilled 660 feet FSL and 1980 feet FWL of Section 18, T20S, R27E, as an unorthodox gas well location in the McMillian-Morrow Gas Pool with a dedication of 320 acres being the S/2 of said section. In support of this application, applicant would show:

1. Applicant has the right to drill and develop the S/2 of Section 18, T20S, R27E, Eddy County, New Mexico. Said location is within the geographical boundaries of the McMillian-Morrow Gas Pool.

2. In the event that the application is not granted, then applicant will propose a well at an unorthodox location, 660 feet from the South line and 1980 feet from the West line of Section 18, and a non-standard proration unit of 320 acres for the S/2 of said Section 18.

3. The McMillian-Morrow Gas Pool was established on June 8, 1965 by Order No. R-2917 on 640-acre spacing.

4. By Order No. R-5829 entered October 6, 1978, the Division limited the pool rules to wells within the boundaries of this pool.

5. Since 1964, statewide spacing for wells of this depth has been 320 acres.

6. If the McMillian-Morrow Gas Pool were established today, it would be spaced on 320 acres.

7. Applicant will show that wells completed in the McMillian-Morrow Gas Pool will not drain in excess of 320 acres and should, therefore, be governed by the Statewide Rules rather than the current rules of 640-acre spacing for said pool.

8. There are only two wells currently producing in the pool each of which is dedicated to a 640-acre spacing unit. A procedure should be adopted to allow those two operators to elect to exempt those respective sections from reversion to 320-acre spacing until such time as the subject wells are plugged and abandoned in this pool.

9. Notice of this application to establish statewide spacing or in the alternative for an unorthodox gas well location and non-standard proration unit and of applicant's request that this matter be set

for hearing on February 21, 1991 has been given in accordance with N.M.O.C.D. Rule 1207(4) as set forth on Exhibit "A".

10. In order to obtain its just and equitable share of the hydrocarbons underlying the above tract(s), applicant needs an order pooling the mineral interests involved in the order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner on February 21, 1991, and that after notice and hearing as required by law, the Division enter its order establishing statewide gas spacing in the McMillian-Morrow Gas Pool, or in the alternative for an unorthodox gas well location and non-standard proration unit and for such other and further relief as may be proper.

Respectfully submitted:

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico
(505) 982-4285

EXHIBIT "A"

Santa Fe Energy Operating Partners, L.P.
550 West Texas, Suite 1330
Midland, Texas 79701

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88201

Roger R. Aston
Post Office Box 1090
Roswell, New Mexico 88201

LaDora Lucas, Charles Albert Aston, Jr., Tom P. Stephens,
Lincoln Aston, Coronado Exploration, Inc., Grant M. Smith,
Harvey E. Yates, Louise O. Yates, John H. Yates, Mary Ann
Morrison, Fred G. Yates, George M. Yates, Colleen, Kelly &
Shannon Yates "71" Trust, Colleen, Kelly & Shannon Yates
"73" Trust, Steven, Leslie & Aeron Yates "71" Trust,
Rebecca & Sara Yates "71" Trust
c/o Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88201

Belnorth Petroleum Corp.
10000 Old Katy Road
Houston, Texas 77005

Read & Stevens, Inc.
Post Office Box 2126
Roswell, New Mexico 88201

Singer Brothers
Post Office Box 735
Tulsa, Oklahoma 74101

Elliott Davis, Trustee of the Elliott Davis Mineral Trust
U/D/O 3-1-68 and Leon Davis Trustee of the Leon Davis
Mineral Trust U/D/O 3-1-60
One Williams Center, Suite 2000
Tulsa, Oklahoma 74172

Fina Oil and Chemical Company
Post Office Box 2990
Midland, Texas 79702

Lario Oil & Gas Company
Post Office Box 135
Midland, Texas 79702

Roger E. Canter
2304 Maxwell
Midland, Texas 79705

Ms. Lora Canter
124 Hilldale Drive
Chattanooga, Tennessee 37411

State of New Mexico
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504

Mewbourne Oil Company
Post Office Box 7698
Tyler, Texas 75711

U.S. Department of the Interior
Bureau of Land Management
Post Office Box 1149
Santa Fe, New Mexico 87504

Cibola Energy Corp.
Post Office Box 1668
Albuquerque, New Mexico 87103

Yates Energy Corporation
1010 Sunwest Centre
Roswell, New Mexico 88201

Los Chicos Partnership
Yates Drilling Company
Myco Industries, Inc.
John A. Yates
ABO Petroleum Corp.
105 South Fourth Street
Artesia, New Mexico 88210

Chevron U.S.A.
Post Office Box 1635
Houston, Texas 77002

S. P. Yates
Lillie M. Yates
Martin Yates Estate
c/o Yates Petroleum
105 South Fourth Street
Artesia, New Mexico 88210

James M. Blakemore
Virginia Blakemore Estate Trust
200 West Illinois, Suite 200
Midland, Texas 79701

Robert E. Boling
305 South Fifth Street
Artesia, New Mexico 88210

Mark D. Wilson
110 West Louisiana, Suite 210
Midland, Texas 79701

A. J. Losee
202 American Home Building
Artesia, New Mexico 88210

Hondo Oil and Gas Company
410 East College Blvd.
Roswell, New Mexico 88201

Paul Slayton
Post Office Box 2035
Roswell, New Mexico 88201

SFC Inc.
Post Office Box 7787
Amarillo, Texas 79107

Collins & Ware, Inc.
600 West Illinois, Suite 701
Midland, Texas 79701

Mesa Operating Limited Partnership
Post Office Box 2009
Amarillo, Texas 79189

Oxy USA Inc.
Post Office Box 300
Tulsa, Oklahoma 74102

Marbob Energy
Post Office Box 217
Artesia, New Mexico 88210

Arco Oil and Gas Company
Post Office Box 2519
Dallas, Texas 75221

TXO Production Corp.
1700 Pacific Avenue
Dallas, Texas 75201

Winston L. Thorton
Post Office Box 11186
Fort Worth, Texas 76110