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Attorneys at Law

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W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

February 16, 1988

Mr. William J. LeMay
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of Phillips Petroleum Company
for approval of a Non-Standard Atoka-
Morrow Gas Spacing and Proration Unit
and Unorthodox Gas Well Location,
Lea County, New Mexico

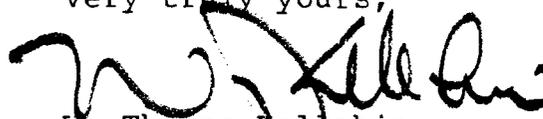
Case 9331

Dear Mr. LeMay:

By letter dated February 10, 1988, we filed an application for the referenced hearing. In both the cover letter and the application the Township is in error and requires correction. Please amend our application and the newspaper and docket advertisement to show Township 17 South and not Township 27 South. All other information remains the same.

This matter is set for the March 16, 1988 examiner's hearing.

Very truly yours,



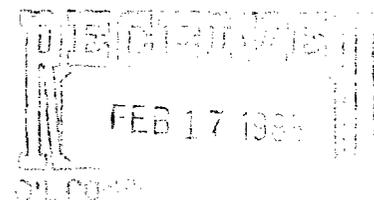
W. Thomas Kellahin

WTK:ca

cc: Jim Gallogly (Phillips)

"Certified Return-Receipt Requested"

All Interested Parties in Application



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Santa Fe, New Mexico 87504-2265

February 10, 1988

RECEIVED

FEB 11 1988

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

OIL CONSERVATION DIVISION

"Hand Delivered"

Re: Application of Phillips Petroleum Company
for approval of a Non-Standard Atoka-
Morrow Gas Spacing and Proration Unit
and Unorthodox Gas Well Location,
Lea County, New Mexico

Case 9331

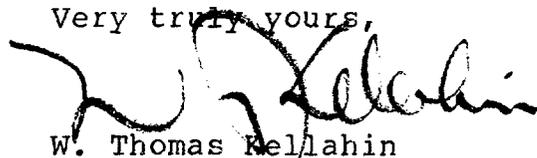
Dear Mr. LeMay:

On behalf of Phillips Petroleum Company we request that the enclosed application be set for the Examiner's hearing now scheduled for March 16, 1988.

The following is suggested as a possible advertisement:

Application of Phillips Petroleum Company for a non-standard gas proration and spacing unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and West lines of Section 22, T27S, R35E, Lea County, New Mexico, undesignated Atoka-Morrow production, to be dedicated either to a 160-acre non-standard proration and spacing unit consisting of the N/2SW/4 and W/2NW/4 of said Section 22, or in the alternative, to an 80-acre non-standard proration and spacing unit consisting of the W/2NW/4 of said Section 22. Said well and unit is located approximately 4 miles northeast of Buckeye, New Mexico.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Jim Gallogly, Esq. (Phillips-Odessa)

"Certified Return-Receipt Requested"
All Parties Listed in Application

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF A NON-STANDARD
PRORATION AND SPACING UNIT AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

FEB 1 1961
OIL CONSERVATION DIVISION

CASE: 9331

A P P L I C A T I O N

COMES NOW PHILLIPS PETROLEUM COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location and a 160-acre non-standard proration and spacing unit consisting of the W/2NW/4 and the N/2SW/4 of Section 22, T~~2~~¹⁷S, R35E, or in the alternative, the approval of an unorthodox gas well location and an 80-acre non-standard proration and spacing unit consisting of the W/2NW/4 of said Section 22, all in Lea County, New Mexico, and in support thereof would show:

1. Based upon information and belief, the applicant believes the working interest ownership of Section 22 is as shown on Exhibit "A" attached hereto.

2. There currently exists a 240-acre non-standard spacing and proration unit consisting of the NE/4 and the E/2NW/4 of said Section 22 dedicated to the T. H.

McElvain New Mexico "AC" State Well #1 located 1980 feet FNL and 660 feet FEL in Unit H of said Section 22.

3. Applicant proposes the formation of a nonstandard spacing and proration unit for the drilling of a well at an unorthodox gas well location 660 feet from the North and West lines of said Section 22.

4. In the event applicant is able to form a voluntary unit with Amerada Hess the applicant seeks the approval of a 160 acre non-standard spacing and proration unit consisting of the W/2NW/4 and N/2SW/4. Applicant further proposed that said unit would receive an allowable of 50% of a standard allowable.

5. In the event applicant is unable to form a voluntary unit with Amerada Hess, then applicant seeks the approval of a 80-acre non-standard spacing and proration unit consisting of the W/2NW/4 of said Section 22 and an allowable of 25% the standard allowable.

6. Based upon information and belief, the applicant believes that Mobil, Amerada Hess and Arco are in the process of forming a unit consisting of the balance of the acreage in Section 22 for the drilling of the third well in the section.

7. The approval of the non-standard spacing and proration unit and the subject well location will allow all interest owners to participate in the potential

production from the Atoka-Morrow formations thereby protecting correlative rights and preventing waste.

8. The proposed reduction in allowables for the subject well will provide adequate protection from drainage to adjoining and offset owners and thereby protect their correlative rights.

9. Applicant in accordance with division notice rules has sent a copy of this application to all of the interested parties, as shown on Exhibit "B".

WHEREFORE, Applicant requests that this application be set for hearing on March 16, 1988, and that after notice and hearing the application be approved as requested.

Respectfully submitted:

By 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, NM 87504

EXHIBIT "A"

Phillips	McElvain/ Trainer	McElvain/Trainer	
Amerada Hess		Amerada Hess	Mobil
Arco		Mobil	

PHILLIPS PETROLEUM COMPANY
STATE 22 WELL NO. 1
UNDESIGNATED ATOKA-MORROW

OFFSET OPERATORS

Unorthodox Well Location

Mobil Producing Texas and New Mexico, Inc.
Nine Greenway Plaza, Ste. 2700
Houston, Texas 77046

Sun Exploration and Production Company
Southwestern Production District
P. O. Box 1861
Midland, Texas 79702

Trainer, C. W.
P. O. Box 755
Hobbs, New Mexico 88240

Non-Standard Proration Units

Amerada Hess Corporation
Regional Office
P. O. Box 840
Seminole, Texas 79360

ARCO Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702

ADD:

Trainer, C.W.
P.O. Box 755
Hobbs, New Mexico
88240

McElvain, T. H., Jr.
P. O. Box 2148
Santa Fe, New Mexico 87504-2148

Mobil Producing Texas and New Mexico, Inc.
Nine Greenway Plaza, Ste. 2700
Houston, Texas 77046

Shell Western E&P Inc.
P. O. Box 576
Houston, Texas 77001

Sun Exploration and Production Company
Southwestern Production District
P. O. Box 1861
Midland, Texas 79702