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June 28, 1988

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OIL CONSERVATION DIVISION

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of
Energy, Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

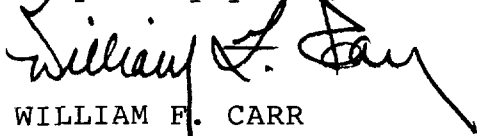
Case 9435

Re: In the Matter of the Application of Union Oil Company
of California d/b/a UNOCAL, for a Non-Standard Spacing
or Proration Unit and Unorthodox Well Location, Lea
County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Union Oil Company of California
d/b/a UNOCAL in the above-referenced matter. UNOCAL respectfully
requests that this matter be placed on the docket for the
Examiner hearings scheduled on July 20, 1988.

Very truly yours,


WILLIAM F. CARR

WFC/mlh

cc: Wayne Strong
Union Oil Company of California
d/b/a UNOCAL

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
UNION OIL COMPANY OF CALIFORNIA
d/b/a UNOCAL FOR A NON-STANDARD
SPACING OR PRORATION UNIT AND
UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 9435

APPLICATION

UNION OIL COMPANY OF CALIFORNIA d/b/a UNOCAL, by and through its undersigned attorneys, hereby makes application to the Oil Conservation Division for approval of a non-standard spacing or proration unit and an unorthodox well location, and in support thereof would show the Division:

1. Applicant is the operator of Lots 1 and 4 of Section 5, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, and proposes to drill a well at a point 600 feet from the North Line and 330 feet from the West line of said Lot 1 to a depth of approximately 3200 feet to test the Seven Rivers formation.

2. In Division Case 9416 Union Oil Company of California seeks the promulgation of special pool rules for the House Yates - Seven Rivers Pool including 80-acre spacing or proration units. This case was heard on June 22, 1988.

3. Due to lease expirations, applicant must proceed with the development of Lots 1 and 4 of said Section 5 and therefore seeks an exception to the well location requirements of Oil Conservation Division Rule 104 (or the Special Rules of the House Yates - Seven Rivers Pool, if any) to permit the drilling of the well at the above described unorthodox location to a depth sufficient to adequately test the Seven Rivers formation, House Yates - Seven Rivers Pool.

4. A non-standard 58.72 acre spacing or proration unit comprised of Lots 1 and 4 of said Section 5 should be dedicated to the well.

5. The proposed proration unit is non-standard because of United States Public Land Survey variation.

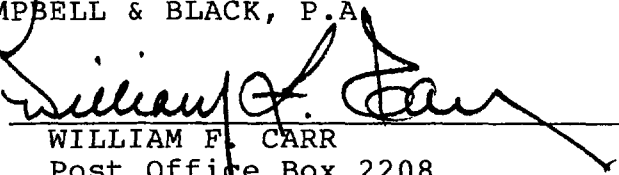
6. That approval of this application will afford applicant the opportunity to produce its just and equitable share of hydrocarbons underlying this spacing unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on July 20, 1988, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other relief as is proper.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By

A handwritten signature in dark ink, appearing to read "William F. Carr", is written over a horizontal line.

WILLIAM F. CARR

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ATTORNEYS FOR UNION OIL COMPANY OF
CALIFORNIA d/b/a UNOCAL