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ENERGY AND MINERALS DEPARTMENT  
SANTA FE, NEW MEXICO

July 21, 1988

Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Penron-Byers No. 1 Well  
Township 17 South, Range 37 East, NMPM  
Section 3: S/2 SE/4  
Lea County, New Mexico

*Case 9454*

Gentlemen:

Enclosed for filing, please find three copies of the Application of TXO Production Corp. for an Unorthodox Oil Well Location, Lea County, New Mexico.

We ask that this matter be set for hearing before an Examiner on August 17, 1988.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw  
Enclosures

cc w/enclosure: Ms. Carol Sledge

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

RECEIVED

JUL 22 1980

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION :  
OF TXO PRODUCTION CORP. FOR AN :  
UNORTHODOX OIL WELL LOCATION, :  
LEA COUNTY, NEW MEXICO :

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CASE NO. 9454

APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and  
in support hereof, respectfully states:

1. Applicant is the operator of the following lands  
in Lea County, New Mexico:

Township 17 South, Range 37 East, N.M.P.M.

Section 3: S/2 SE/4

containing 80 acres, more or less,  
and has drilled and completed its Penron-Byers No. 1 Well, at a  
surface location of 810 feet from the south line and 660 feet  
from the east line of said Section 3 (Unit P), and has dedicated  
the S/2 SE/4 of Section 3 to the well.

2. The well location is within the boundaries of the  
South Humble City Strawn and the Humble City Atoka Pools, which  
require that the well be within 150 feet of the center of a gov-  
ernmental quarter-quarter section.

3. The actual bottomhole location of the well, by directional survey, is 1,013 feet from the south line and 688 feet from the east line of Section 3, Township 17 South, Range 37 East, N.M.P.M.

4. The Applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit completion of the well at the above mentioned unorthodox location for all formations from the surface to the base of the Atoka formation, which may be developed on 40-acre or 80-acre spacing.

5. If completed in the Atoka or Strawn formation, a standard 80-acre proration unit comprising the S/2 SE/4 of said Section 3 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas, or a standard 40-acre proration unit comprising SE/4 SE/4 of said Section 3 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas, if the well is completed in any other formation which may be developed on 40-acre spacing.

6. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent 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.

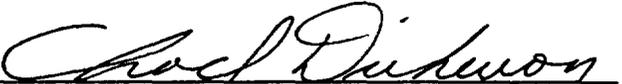
WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting Applicant permission to complete its Penron-Byers No. 1 Well at a bottomhole location 1,013 feet from the south line and 688 feet from the east line of said Section 3, and to dedicate the S/2 SE/4 of Section 3 to said well for production from the Atoka and Strawn formations, or to dedicate the SE/4 SE/4 of said Section 3 to said well for production from all formations which may be developed on 40-acre spacing.

C. And for such other and further relief as may be just in the premises.

TXO PRODUCTION CORP.

By:   
Chad Dickerson

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(505) 746-9841

Attorneys for Applicant