

KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

May 2, 1989

HAND DELIVERED

William J. LeMay
Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RECEIVED
MAY 2 1989

OIL CONSERVATION DIVISION

Re: Application of Kerr-McGee Corporation for Statutory
Unitization, Chaves County, New Mexico

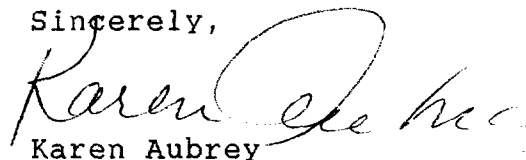
Case 9682

Dear Mr. LeMay:

Enclosed are the original and one copy of the application of Kerr-McGee for statutory unitization which we would appreciate being set for hearing on the Examiner's docket on May 24, 1989.

We are sending all affected parties copies of the application and this letter by certified mail.

Sincerely,


Karen Aubrey

KA/rs
Encl.

cc: All persons on attached service list

Service List

Floyd Prondo
State Land Office, with C-108
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Paul Davis, Thomas E. Davis, Jr., Marqurete S. Davis
and Thomas H. Davis, trustees for H.H. and Mar-
qurete S. Davis Trust dated 6/16/87
South Star Route
Elida, New Mexico 88116

Finus M. and Laura J. Tucker Revocable Trust
United New Mexico Trust Company
P.O. Box 1927
Roswell, New Mexico 88201

Murphy Operating Company
P.O. Box 2648
Roswell, New Mexico 88202
Attn: Ann Murphy Ezzell

Fina Oil and Chemical Company
P.O. Box 2990
Midland, Texas 79701

Yates Petroleum Corporation
Yates Building
207 South Fourth
Artesia, New Mexico 88210

Bristol Resources Corporation
3601 East 51st Street
Suites B & C
Tulsa, Oklahoma 74136
Attn. Mr. Bob Key

Warren American Oil Company
P.O. Box 971
Midland, Texas 70702
Attn: Mr. James A. O'Neill

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

BEFORE THE OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY,

MINERALS AND NATURAL RESOURCES

MAY 21 1980

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF KERR-MCGEE CORPORATION FOR
APPROVAL OF STATUTORY UNITIZATION,
CHAVES COUNTY, NEW MEXICO

CASE NO. 9682

A P P L I C A T I O N

COMES NOW KERR-MCGEE CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey, and pursuant to the provision of the Statutory Unitization Act (Sections 70-7-1 through 70-7-21, N.M.S.A., 1978 Comp.) hereby applies to the New Mexico Oil Conservation Division for an order unitizing the K-M CHAVEROO SAN ANDRES UNIT, Chaves County, New Mexico, and in support of its application states:

1. Kerr-McGee Corporation is a Delaware corporation authorized to transact business in the State of New Mexico, is engaged in the business of, among other things, producing and selling oil and gas and seeks to be designated operator of the K-M Chevroo San Andres Unit.

2. The proposed unit area for which this application is made consists of 1280.37 acres, more or less, of State of

New Mexico lands located in Chaves County, New Mexico, and is more particularly described in Exhibit A attached hereto and incorporated herein by reference. Kerr-McGee Corporation seeks an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the project area.

3. The vertical limits of the formation to be included within the proposed unit area includes that interval known as the San Andres formation which extends from 4211 feet to 4341 feet as measured on the compensated formation density log run in the Kerr-McGee Corporation State "F" Well No. 1 on April 29, 1966, said well located 660 feet from the North line and 660 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaves County, New Mexico. The Unitized Formation shall further include all subsurface points throughout the Unit which are correlative to the aforementioned identified depths.

4. The portion of the reservoir involved in this application has been reasonably defined by development.

5. The type of operations to be conducted in this unit is secondary recovery by means of water flooding.

6. Attached to this application as Exhibit B and incorporated herein by reference is a copy of the proposed plan of unitization which Kerr-McGee considers fair, reasonable and equitable.

7. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.

8. Kerr-McGee Corporation has obtained the concurrence of at least 94% of the working interest ownership within the unit area of the proposed plan of unit operations, thereby assuring effective and efficient control of the unit.

9. Kerr-McGee Corporation further states:

a. Unitized management, operating and further development of the K-M Chaveroo San Andres Unit is reasonably necessary in order to effectively carry on secondary recovery and to substantially increase the ultimate recovery of oil from the unitized portion thereof.

b. Unitized methods of operations applied to the K-M Chaveroo San Andres Unit are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil than would otherwise be recovered.

c. The estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil so recovered plus reasonable profit.

d. Unitization and adoption of unitized methods of operation will benefit the working interest owners, royalty owners and overriding royalty owner of the oil and gas rights within the pool.

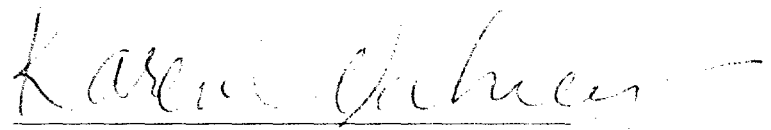
e. Kerr-McGee Corporation, as operator, has made a good faith effort to secure voluntary unitization of all interests in the pool.

f. The participation formula contained in the unitization agreement allocated the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.

9. Statutory unitization of the San Andres formation is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Kerr-McGee Corporation respectfully requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 24, 1989, and, that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application to statutorily unitize the San Andres formation, Chaves County, New Mexico.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Karen Aubrey", written in dark ink.

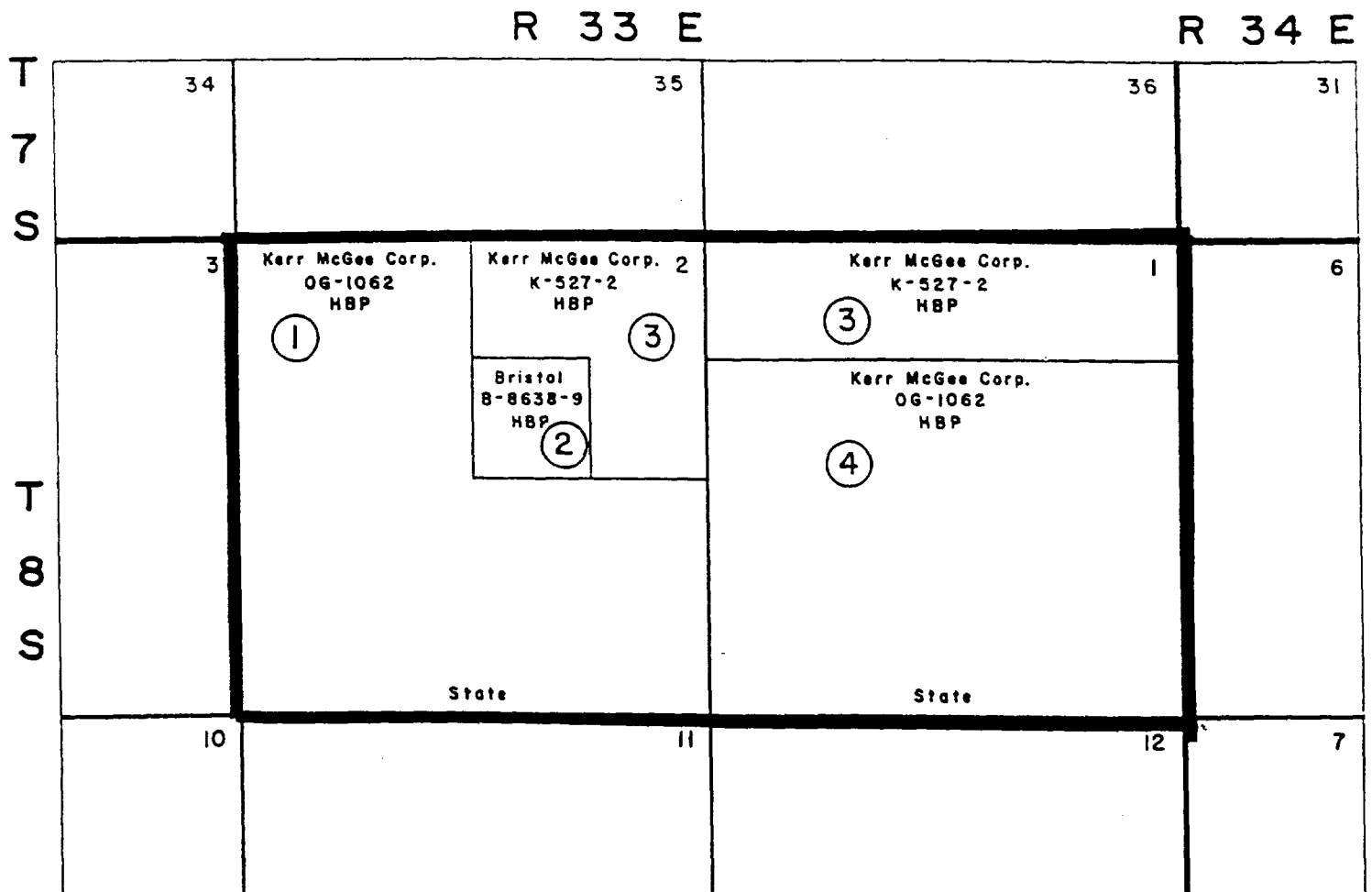
Karen Aubrey
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

Attorneys for Kerr-McGee
Corporation

EXHIBIT "A"

K-M CHAVEROO SAN ANDRES UNIT CHAVES COUNTY, NEW MEXICO



○ Tract Number

— Unit Outline

1280.37 Acres
100% Unit Area
Scale: 1" = 2000'