

CASE 5520: YATES PETROLEUM CORPORATION
FOR TWO UNORTHODOX GAS WELL LOCATIONS,
EDDY COUNTY, NEW MEXICO

CASE NO.

5520

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5520
Order No. R-5061

APPLICATION OF YATES PETROLEUM
CORPORATION FOR TWO UNORTHODOX GAS
WELL LOCATIONS, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 2, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of July, 1975, the Commission, a
quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks
approval for the unorthodox location of two proposed gas wells,
the first being 1980 feet from the North line and 660 feet
from the West line of Section 31, Township 17 South, Range 26
East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, to
have dedicated the N/2 of said Section 31; and the second being
880 feet from the South line and 660 feet from the West line
of said Section 31, to have dedicated the S/2 of said Sec-
tion 31.

(3) That wells at said unorthodox locations will better
enable applicant to produce the gas underlying the proration
unit.

(4) That no offset operator objected to the proposed
unorthodox locations.

(5) That approval of the subject application will afford
the applicant the opportunity to produce its just and equitable
share of the gas in the subject pool, will prevent the economic
loss caused by the drilling of unnecessary wells, avoid the
augmentation of risk arising from the drilling of an

-2-

Case No. 5520
Order No. R-5061

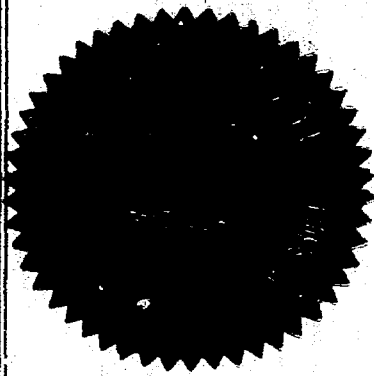
excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That two unorthodox gas well locations for the Morrow formation are hereby approved, the first being 1980 feet from the North line and 660 feet from the West line of Section 31, to have dedicated the N/2 of said Section 31; and the second being 880 feet from the South line and 660 feet from the West line of said Section 31, to have dedicated the S/2 of said Section 31, Township 17 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Member

Joe D. Ramby
JOE D. RAMBY, Member & Secretary

S E A L

dr/

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

July 15, 1975

Mr. A. J. Losee
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 5520
ORDER NO. R-5061

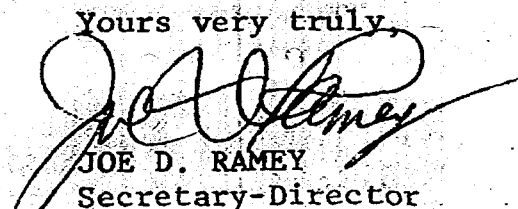
Applicant:

Yates Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Secretary-Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other

BEFORE THE
NEW MEXICO OIL CORPORATION COMMISSION
Santa Fe, New Mexico
July 2, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum
Corporation for two unorthodox
gas well locations, Eddy County,
New Mexico

CASE NO. 5520

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

A. J. Losee, Esq.
LOSEE & CARSON

Artesia, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

I N D E X

PAGE

RAY BECK

Direct Examination by Mr. Losee	3
Cross Examination by Mr. Stamets	8

E X H I B I T S

Applicant's Exhibits Nos. 1, 2 and 3	8
--------------------------------------	---

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BECK-DIRECT

Page 3

MR. STAMETS: Case 5520.

MR. DERRYBERRY: Case 5520. Application of Yates Petroleum Corporation for two unorthodox gas well locations, Eddy County, New Mexico.

MR. LOSEE: Mr. Examiner, A. J. Losee, Losee and Carson, Artesia, appearing on behalf of the Applicant. I have one witness.

MR. STAMETS: Are there any other appearances in this case? Will the witness stand and be sworn, please?

(Witness sworn.)

RAY BECK

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q Would you state your name, residence and occupation?

A Ray Beck, Artesia, New Mexico. I am affiliated with Yates Petroleum Corporation as a geologist.

Q Have you previously testified before this Commission and had you qualifications as an expert witness approved?

A Yes, I have.

Q Would you explain the purpose of this Application?

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BECK-DIRECT

Page 4

A Yates Petroleum Corporation requests approval for the unorthodox location for two proposed gas wells in Section 31, Township 17 South, Range 26 East, Eddy County, New Mexico. The first such location called the Yates-Halderman No. 1 is 1980 from the north line and 660 from the west line of Unit E and to dedicate the north half of said Section 31. The second such location called the Yates-Patterson No. 1 is 880 feet from the south line and 660 feet from the west line of Unit M and we dedicated the south half of said Section 31.

Q Please refer to what has been marked as Exhibit 1 and explain what is shown on that exhibit?

A Exhibit 1 is a land plat which shows the location of the two proposed unorthodox locations in relation to the surrounding acreage.

Q Does it also show the location of the offset wells and operators?

A Yes, it does.

Q Offsetting these locations in Section 36, does Yates own that acreage?

A Yes, they do.

Q Is the same true with the acreage in the northwest quarter of Section 6?

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 962-0386

A Yes, that's true. On both of these, Yates is part interest owner along with others. They own a considerable part of the acreage.

Q Please refer to what has been marked as Exhibit 2 and explain what is shown by this map?

A Exhibit 2 is an isopach map showing with the solid contours the varying thickness of the total Morrow clastic interval. That is the interval from the top of the Morrow clastic to the top of the Chester limestone. Also shown by the dotted contours is the structural configuration on the top of the Morrow clastic. Also to be pointed out in Exhibit 2 are certain wells in the West Atoka-Morrow Gas Pool that are circled in orange. That would be the southern part of the map. These wells are much more productive wells that have penetrated the main channel sand reservoir. Attention should also be drawn to the Arco E.C. Well in Section 36, 17 South, 25 East, the northern portion which is circled in red. This well is also a good productive well, which according to pressure data has encountered a new reservoir.

The most pertinent relationship to be drawn from Exhibit 2 is that wells located along or close to the axis of the Morrow clastic thick in this area have a much

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BECK-DIRECT

better chance of penetrating more efficient, more productive Morrow-type channel reservoirs. The proposed Patterson and Haldeman locations are positioned along or close to where we now interpret the axis of the Morrow clastic thick to be. This exhibit shows the location of cross section A to A-Prime which is Exhibit 3.

Q That is in the southern portion?

A That is in the southern portion.

Q Please turn to Exhibit 3 and explain what is shown on this exhibit?

A Exhibit 3 is a cross section transverse to the West Atoka-Morrow clastic thick showing the presence of the Morrow channel sand body within the thickest part of the Morrow clastics interval. This exhibit adds a depth dimension to what was shown on the previous exhibit.

Q Does it also show the absence of the Morrow thick and the Coquina Hare on the westerly side of your AA?

A Yes, it does.

Q Is the same true on the Ferguson on the easterly side?

A Yes.

Q And that is also true of the Yates-Ferguson?

A Yes, sir, the Yates-Ferguson.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

Q Mr. Beck, your locations are unorthodox to the extent that they are within 660 feet of the end line of each of the proposed spacing units?

A Yes, that's true.

Q Are there any other locations in this West Atoka-Morrow Field spaced on 660?

A In the West Atoka-Morrow Field there are at least 10 other unorthodox gas well locations no closer than 660 feet to the boundary of a spacing unit which have all been approved.

Q Without penalty?

A Without penalty.

Q Do you believe the wells positioned at these locations will adequately drain the Halderman, the north half, and the Patterson in the south half of Section 31?

A Yes, I do.

Q Do you believe that these locations will avoid the risk of drilling an excessive number of wells in this Section?

A Yes, that's true.

Q Were Exhibits 1 through 3 prepared by you or under your direction?

A Yes, they were.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

MR. LOSEE: I move the introduction of Exhibits 1 through 3.

MR. STAMETS: These exhibits will be admitted. (Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification, and were offered and admitted into evidence.)

MR. LOSEE: No further direct examination, Mr. Examiner.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Beck, is the nature of the Morrow Formation in this area such that you need this kind of flexibility in locating wells in order to contact the best sands?

A We found over a number of years that 660 locations do provide the necessary flexibility.

Q Without this flexibility, is there a possibility or a likelihood that you might encounter non-commercial sands at standard locations?

A That is true. I believe that to be true.

Q Could this result in poor drainage?

A Yes, this would.

Q Than what you have proposed here?

A That's true.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

Q I just have one further question, Mr. Beck:

With the information that you have at the present time, is it reasonable to presume that the entire section is productive?

A Yes, the entire section in which these are located?

Q Yes.

A I would think it probably would be, but these two locations more efficiently drain than the standard locations.

MR. STAMETS: Any other questions of the witness? He may be excused.

(Witness dismissed.)

MR. STAMETS: Is there anything further in this case?

MR. LOSEE: I wish to thank the Examiner and the other lawyers and witnesses for letting us go out of order.

MR. STAMETS: If there is nothing further, we will take the case under advisement.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5520 heard by me on 12/25/75.
Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

*Two
unorthodox
gas well locs.*

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR TWO :
UNORTHODOX GAS WELL LOCATIONS, :
EDDY COUNTY, NEW MEXICO :

CASE NO. 5520

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. That applicant is operator of a majority of the
interests in the Pennsylvanian formation underlying Section 31,
Township 17 South, Range 26 East, N.M.P.M., Eddy County, New
Mexico.

2. Applicant proposes to drill its Haldeman "EN" Well
at a location 660 feet from the West line and 1,980 feet from
the North line of said Section 31, and to dedicate the N/2 of
said Section 31 to the well.

3. Applicant also proposes to drill its Patterson "EJ"
Well at a location 880 feet from the South line and 660 feet from
the West line of said Section 31, and to dedicate the S/2 of
said Section 31 to the well.

4. Applicant seeks an exception to the well location
requirements of Rule 104 C-II(a) of the Oil Conservation Commis-
sion to permit the drilling of the wells at the above mentioned
unorthodox locations to a depth sufficient to adequately test
the Morrow formation of the Pennsylvanian system.

5. That standard 320-acre proration units comprising
the N/2 of said Section 31 should be dedicated to the Haldeman

"EN" Well and comprising the S/2 of said Section 31 should be dedicated to the Patterson "EJ" Well.

6. The approval of this application will afford applicant the opportunity to produce its just and equitable share of 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 Commission enter its order granting applicant permission to drill its Haldeman "EN" and its Patterson "EJ" Wells at the above mentioned unorthodox locations, and to dedicate the N/2 and S/2 of said Section 31, respectively, which is reasonably presumed to be productive of gas from the Morrow formation.

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

YATES PETROLEUM CORPORATION

By: 

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

DOCKET MAILED

Date 6/18/75

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR TWO :
UNORTHODOX GAS WELL LOCATIONS, :
EDDY COUNTY, NEW MEXICO :

CASE NO. 5520

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. That applicant is operator of a majority of the
interests in the Pennsylvanian formation underlying Section 31,
Township 17 South, Range 26 East, N.M.P.M., Eddy County, New
Mexico.

2. Applicant proposes to drill its Haldeman "EN" Well
at a location 660 feet from the West line and 1,980 feet from
the North line of said Section 31, and to dedicate the N/2 of
said Section 31 to the well.

3. Applicant also proposes to drill its Patterson "EJ"
Well at a location 880 feet from the South line and 660 feet from
the West line of said Section 31, and to dedicate the S/2 of
said Section 31 to the well.

4. Applicant seeks an exception to the well location
requirements of Rule 104 C-II(a) of the Oil Conservation Commis-
sion to permit the drilling of the wells at the above mentioned
unorthodox locations to a depth sufficient to adequately test
the Morrow formation of the Pennsylvanian system.

5. That standard 320-acre proration units comprising
the N/2 of said Section 31 should be dedicated to the Haldeman

"EN" Well and comprising the S/2 of said Section 31 should be dedicated to the Patterson "EJ" Well.

6. The approval of this application will afford applicant the opportunity to produce its just and equitable share of 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 Commission enter its order granting applicant permission to drill its Haldeman "EN" and its Patterson "EJ" Wells at the above mentioned unorthodox locations, and to dedicate the N/2 and S/2 of said Section 31, respectively, which is reasonably presumed to be productive of gas from the Morrow formation.

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

YATES PETROLEUM CORPORATION

By: 

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR TWO :
UNORTHODOX GAS WELL LOCATIONS, :
EDDY COUNTY, NEW MEXICO :

CASE NO. 5520

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. That applicant is operator of a majority of the interests in the Pennsylvanian formation underlying Section 31, Township 17 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill its Haldeman "EN" Well at a location 660 feet from the West line and 1,980 feet from the North line of said Section 31, and to dedicate the N/2 of said Section 31 to the well.
3. Applicant also proposes to drill its Patterson "EJ" Well at a location 880 feet from the South line and 660 feet from the West line of said Section 31, and to dedicate the S/2 of said Section 31 to the well.
4. Applicant seeks an exception to the well location requirements of Rule 104 C-II(a) of the Oil Conservation Commission to permit the drilling of the wells at the above mentioned unorthodox locations to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.
5. That standard 320-acre proration units comprising the N/2 of said Section 31 should be dedicated to the Haldeman

"EH" Well and comprising the S/2 of said Section 31 should be dedicated to the Patterson "EJ" Well.

6. The approval of this application will afford applicant the opportunity to produce its just and equitable share of 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.

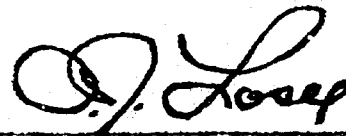
WHEREFORE, applicant prays:

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 Commission enter its order granting applicant permission to drill its Haldeman "EH" and its Patterson "EJ" Wells at the above mentioned unorthodox locations, and to dedicate the N/2 and S/2 of said Section 31, respectively, which is reasonably presumed to be productive of gas from the Morrow formation.

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

YATES PETROLEUM CORPORATION

By: 

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

[illegible]

- CASE 5517: Application of Petro Lewis Corporation for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an oil well to be drilled 1305 feet from the North line and 2310 feet from the East line of Section 22, Township 19 North, Range 3 West, Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico.
- CASE 5512: Application of NRM Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location, as amended, for a well to be drilled at a point 910 feet from the North line and 660 feet from the West line of Section 33, Township 20 South, Range 30 East, Golden Lane Gas Field, Eddy County, New Mexico.
- CASE 5508: Application of Dugan Production Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SW/4 of Section 14, Township 24 North, Range 5 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, to be dedicated to a well at a standard location in Unit L of said Section 14.
- CASE 5518: Application of Anadarko Production Co. for two waterflood projects and an administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute two waterflood projects in the Square Lake Pool by injection of water into the Grayburg-San Andres formations through its Kennedy Well No. 1, located in Unit M of Section 21, and its Baxter "A" Federal Well No. 1, located in Unit O of Section 20, both in Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks the adoption of an administrative procedure whereby the aforesaid projects as well as those projects operated under authority of Orders Nos. R-2920, R-2977, and R-3677 could be combined for purposes of operation, control, and reporting, and whereby additional wells could be placed on injection or production without notice and hearing.
- CASE 5519: Application of Western Oil Producers, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a proposed Devonian oil test well, in the event said well should also be completed as a gas well in the Morrow formation, said well to be located 660 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5520: Application of Yates Petroleum Corporation for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two proposed gas wells, the first being 1980 feet from the North line and 660 feet from the West line of Section 31, Township 17 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, to have dedicated the N/2 of said Section 31; and the second being 880 feet from the South line and 660 feet from the West line of said Section 31, to have dedicated the S/2 of said Section 31.

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF YATES PETROLEUM
CORPORATION FOR TWO UNORTHODOX GAS
WELL LOCATIONS, EDDY COUNTY, NEW
MEXICO.

CASE No. 5520

Order No. R-5061

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 2, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of July, 1975, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks approval
for the unorthodox location of two proposed gas wells, the first being
1980 feet from the North line and 660 feet from the West line of Section 31,
Township 17 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County,
New Mexico, to have dedicated the N/2 of said Section 31; and the second

-2-

Case No. 5520

Order No. R-

being 880 feet from the South line and 660 feet from the West line of said Section 31, to have dedicated the S/2 of said Section 31.

(3) That wells at said unorthodox locations will better enable applicant to produce the gas underlying the proration unit.

(4) That no offset operator objected to the proposed unorthodox locations.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the 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.

IT IS THEREFORE ORDERED:

(1) That two unorthodox gas well locations for the Morrow formation are hereby approved, the first being 1980 feet from the North line and 660 feet from the West line of Section 31, to have dedicated the N/2 of said Section 31; and the second being 880 feet from the South line and 660 feet from the West line of said Section 31, to have dedicated the S/2 of said Section 31, Township 17 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

CASE 5521: YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING, EDDY COUNTY