

CASE 5871: YATES PETROLEUM CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case Number

5871

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpora-
tion for an unorthodox gas well loca-
tion, Eddy County, New Mexico.

CASE
5871

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:

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

For the Applicant:

Joel M. Carson, Esq.
LOSEE & CARSON P.A.
Attorneys at Law
300 American Home Building
Artesia, New Mexico

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General Court Reporting Service
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501
Phone (505) 983-9212

1 I N D E X

2 Page

3 RAY BECK

4 Direct Examination by Mr. Carson 3

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6

7

8 EXHIBIT INDEX

9 Offered Admitted

10 Applicant's Exhibit One, Plat 4 6

11 Applicant's Exhibit Two, Isopach and

12 Structure Map 5 6

13 Applicant's Exhibit Three, Cross Section 6 6

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Phone (505) 982-9212

1 MR. STAMETS: We will call next Case 5871.

2 MS. TESCHENDORF: Case 5871, application of Yates
3 Petroleum Corporation for an unorthodox gas well location,
4 Eddy County, New Mexico.

5 MR. CARSON: Would it be appropriate, Mr. Examiner,
6 to have 5871 and 5848 heard next to each other because they
7 have the same witness?

8 MR. STAMETS: You don't want to consolidate them?

9 MR. CARSON: No, I don't want to consolidate them.

10 MR. STAMETS: That will be fine, we will take those
11 in order.

12 MR. CARSON: Mr. Examiner, my name is Joel Carson,
13 Losee & Carson P.A., Artesia, New Mexico, appearing here on
14 behalf of the applicant. I have one witness, Mr. Ray Beck, who
15 needs to be sworn.

16 (THEREUPON, the witness was duly sworn.)

17
18 RAY BECK

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

21
22 DIRECT EXAMINATION

23 BY MR. CARSON:

24 Q Mr. Beck, would you state your name and occupation
25 and by whom you are employed?

1 A. Ray Beck, I live in Artesia, New Mexico, employed
2 by the Yates Petroleum Corporation.

3 Q. In what capacity, Mr. Beck?

4 A. Geologist.

5 Q. Have you previously testified before this Commission
6 and have your qualifications been approved?

7 A. Yes, sir.

8 MR. CARSON: Are his qualifications acceptable?

9 MR. STAMETS: They are.

10 Q. (Mr. Carson continuing.) Mr. Beck, would you please
11 state the purpose of this application?

12 A. In Case 5871 Yates Petroleum Corporation seeks
13 approval of the unorthodox gas well location of its No. 1
14 Friendly Frenchman Well at a spot one thousand and five feet
15 from the south and six hundred and sixty feet from the east
16 line of Section 32, Township 16 South, Range 26 East, Eddy
17 County, the south half of Section 32 to be dedicated to the
18 well.

19 Q. Mr. Beck, I refer you to Applicant's Exhibit Number
20 One and ask you if that exhibit was prepared by you or under
21 your supervision?

22 A. It was prepared under my supervision.

23 Q. Would you explain to the Hearing Examiner what that
24 exhibit shows and what the various colors stand for?

25 A. Exhibit Number One is a land plat showing the

1 nonstandard location and its relationship to the surrounding
2 leasehold situation?

3 A. Yellow acreage is acreage in which Yates has a large
4 interest or all the interest and the pink acreage is acreage
5 in which they have mineral interest.

6 Q. I refer you to Applicant's Exhibit Number Two and
7 ask if that was prepared by you or under your supervision?

8 A. Exhibit Number Two was prepared by me.

9 Q. Would you explain to the Hearing Examiner what that
10 exhibit purports to show?

11 A. Exhibit Number Two is a combined isopach and
12 structural map showing in solid contours the varying thickness
13 of the Morrow clastics interval and the dotted contours, the
14 structural attitude on the top of the Morrow clastics. The most
15 pertinent relationship to be shown on this exhibit is that
16 the nonstandard location is very near the axis of a Morrow
17 clastics thick and it has been observed in the nearby West
18 Atoka, the Atoka-Penn, and other areas near the sub-crop edge
19 of the Morrow clastics that the Morrow clastics thicks are apt
20 to contain more sand, more of the better performing sand
21 reservoirs.

22 Q. Now I'm referring you to Applicant's Exhibit Number
23 Three and ask if that exhibit was prepared by you or under
24 your supervision?

25 A. Exhibit Number Three was prepared by me.

1 Q Would you explain to the Hearing Examiner what that
2 exhibit purports to show?

3 A Exhibit Number Three is a cross section running from
4 west-southwest and east-northeast, showing in the transverse
5 section the mapped interval of the previous exhibit, the
6 pertinent correlations and the depth dimension to the previous
7 exhibit.

8 Q Mr. Beck, is it your professional opinion that the
9 granting of this application will afford the applicant the
10 opportunity to produce its just and equitable share of gas,
11 prevent economic loss caused by the drilling of unnecessary
12 wells and avoid the augmentation of risk arising from the
13 drilling of an excessive number of wells and otherwise prevent
14 waste and protect correlative rights?

15 A Yes, I do.

16 MR. CARSON: I would like to move the introduction
17 of these exhibits, Mr. Examiner.

18 MR. STAMETS: The exhibits will be admitted.

19 (THEREUPON, Applicant's Exhibits One through
20 Three were admitted into evidence.)

21 MR. STAMETS: Are there any questions of the witness?
22 He may be excused.

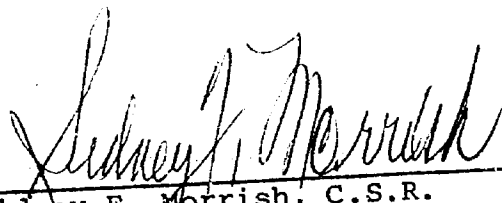
23 (THEREUPON, the witness was excused.)

24 MR. STAMETS: Is there anything further in this case?
25 We will take the case under advisement.

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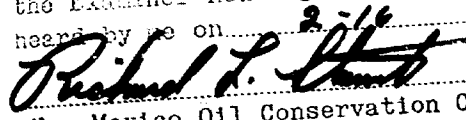
REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

11
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15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
the Examiner hearing of Case No. 5871,
heard by me on 2-11-72, 1972

17 , Examiner
18 New Mexico Oil Conservation Commission
19
20
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Other

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. 5871
Order No. R-5383

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of February, 1977, 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 of an unorthodox gas well location for its Friendly Frenchman Well No. 1 to be drilled 1005 feet from the South line and 660 feet from the East line of Section 32, Township 16 South, Range 26 East, NMPM, to test Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.

(3) That the S/2 of said Section 32 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) 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.

-2-

Case No. 5871
Order No. R-5383

IT IS THEREFORE ORDERED:

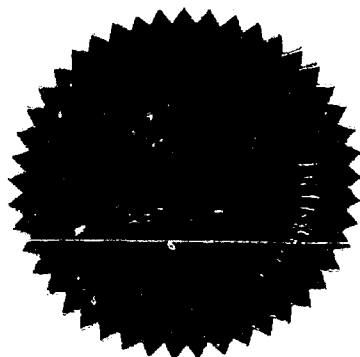
(1) That an unorthodox gas well location for Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Friendly Frenchman Well No. 1 to be drilled at a point 1005 feet from the South line and 660 feet from the East line of Section 32, Township 16 South, Range 26 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 32 shall be dedicated to the above-described well.

(3) 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



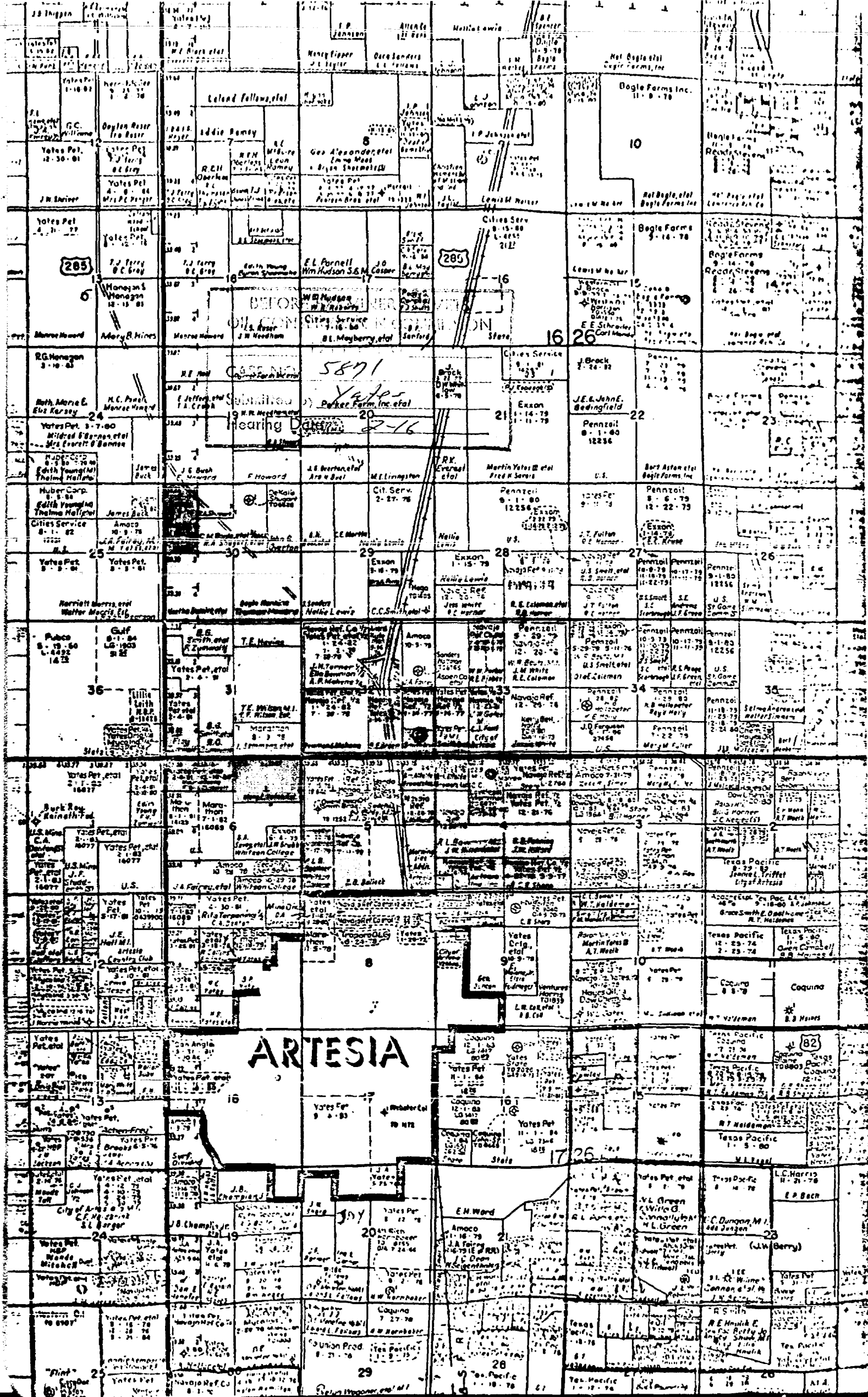
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/



Docket No. 7-77

Dockets Nos. 8-77 and 9-77 are tentatively set for hearing on March 9 and March 23, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - FRIDAY - FEBRUARY 11, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following case will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5872: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the suspension of Rules 15(A) and 15(B) of the General Rules for Prorated Gas Pools as promulgated by Order No. R-1670, as amended, to permit overproduced wells to continue to produce gas during the present severe weather conditions without danger of being shut in for overproduction.

Docket No. 6-77

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 16, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1977, for both of the above areas.

CASE 5856: Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Elliott Gas Com "F" 1-R Well No. 1A to be drilled 1244 feet from the South line and 820 feet from the East line of Section 33, Township 30 North, Range 9 West, Blanco Mesaverde Pool, San Juan County, New Mexico.

CASE 5857: Application of Union Oil Company of California for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its Pipeline Deep Unit Federal Well No. 3, the surface location of which is 1980 feet from the North and East lines of Section 7, Township 19 South, Range 34 East, Lea County, New Mexico, and to directionally drill said well in a southerly or easterly direction and complete it in the Morrow formation at a point no closer than 330 feet to the outer boundary of the proration unit, the E/2 of said Section 7.

CASE 5858: Application of Union Oil Company of California for 320-acre spacing, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of 320-acre spacing and proration units for the North Quail Ridge-Morrow Gas Pool, Lea County, New Mexico. In the absence of objection, the Commission will adopt such 320-acre spacing.

CASE 5859: (This case will be continued and readvertised.)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Basin-Dakota and Blanco-Mesaverde production in the wellbore of its Breech D Well No. 307 located in Unit M of Section 13, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5860: Application of Rice Engineering & Operating, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open hole interval from 4176 feet to 5500 feet of its Hobbs SWD Well No. P-16, located in Unit P of Section 16, Township 19 South, Range 38 East, Hobbs Field, Lea County, New Mexico.

- CASE 5861: Application of Hanson Oil Corporation for a salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open hole interval from 1926 to 1978 feet in its Sulphate Sister Well No. 1, located in Unit E of Section 13, Township 25 South, Range 26 East, Eddy County, New Mexico.
- CASE 5862: Application of Palmer Oil and Gas Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 1 Well No. 1 located 1525 feet from the South line and 820 feet from the East line of Section 1, Township 31 North, Range 13 West, Blanco Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.
- CASE 5863: Application of Amerada Hess Corporation for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla Apache "B" Well No. 16, completed as an oil well in the Dakota formation at a point 1850 feet from the South line and 1500 feet from the West line of Section 29, Township 25 North, Range 5 West, Rio Arriba County, New Mexico, said well having been projected as a Basin-Dakota gas well at a standard gas well location for said pool.
- CASE 5864: Application of Agua, Inc. for the amendment of Order No. R-5137, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the further amendment of Order No. R-5137, which authorized the disposal of produced salt water into the San Andres formation through the open-hole interval from approximately 4000 feet to 5000 feet in applicant's Blinbry-Drinkard SWD System Well No. A-22, located in Unit A of Section 22, Township 22 South, Range 37 East, Blinbry-Drinkard-Langlie Matrix Area, Lea County, New Mexico. Said order, as amended, limited surface injection pressures to 800 psi, and applicant seeks its amendment to permit surface injection pressures up to 1500 psi.
- CASE 5865: Application of Inexco Oil Co. for 320-acre spacing, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of 320-acre spacing and proration units for the West Tonto-Pennsylvanian Gas Pool, Lea County, New Mexico. In the absence of objection, the Commission will adopt such 320-acre spacing.
- CASE 5866: Application of Union Texas Petroleum for an exception to casing and cementing requirements of Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing and cementing requirements of Order No. R-111-A to eliminate the salt protection string in a well it proposes to drill in Unit D of Section 33, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.
- CASE 5867: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 19, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to its Forrest Well No. 1 to be located in Unit N of said Section 19. Also to be considered will be the cost of completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in completion of said well.
- CASE 5820: (Continued from the February 2, 1977, Examiner Hearing.)
Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5868: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Travis Deep Unit Well No. 1 to be drilled 1980 feet from the South line and 1684 feet from the West line of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, the S/2 of said Section 18 to be dedicated to the well.
- CASE 5846: (Continued and Readvertised)
Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 13 to be drilled 660 feet from the South line and 1432 feet from the West line of Section 30, Township 17 South, Range 29 East, South Empire Field, Eddy County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

CASE 5869: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Big Boggy Well No. 1 to be drilled 990 feet from the South line and 2080 feet from the East line of Section 36, Township 17 South, Range 26 East, Atoka Pennsylvanian Gas Pool, Eddy County, New Mexico, the S/2 of said Section 36 to be dedicated to the well.

CASE 5870: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Maljamar Deep Unit Well No. 2 to be drilled 990 feet from the South line and 1980 feet from the West line of Section 30, Township 17 South, Range 32 East, Lea County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

CASE 5871: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Friendly Frenchman Well No. 1 to be drilled 1005 feet from the South line and 660 feet from the East line of Section 32, Township 16 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 32 to be dedicated to the well.

CASE 5810: (Continued from the February 2, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.

CASE 5847: (Continued from the February 2, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Gossett "EU" Well No. 1, located in Unit K of Section 26, Township 17 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from the Lower Wolfcamp or Upper Pennsylvanian and the Lower Pennsylvanian formations through the casing-tubing annulus and tubing, respectively.

CASE 5848: (Continued from the February 2, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Pipkin HE Well No. 1 to be drilled 660 feet from the South and West lines of Section 4, Township 18 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 4 to be dedicated to the well.

A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

LAW OFFICES
LOSEE & CARSON, P.A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

January 17, 1977

JAN 16 1977

Case 5871

CONSERVATION COMM.
Santa Fe
New Mexico Oil Conservation
Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Friendly Frenchman No. 1
Pipkin "HE" No. 1

Gentlemen:

Enclosed for filing, please find three copies each of two applications of Yates Petroleum Corporation for unorthodox well locations in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that you furnish us with a docket of the hearing.

Yours truly,

LOSEE & CARSON, P.A.

Joel M. Carson

JMC:pv
Enclosures

cc w/enclosures: Mr. Jack W. McCaw

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO.

CASE NO. 5871

APPLICATION

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

1. That applicant is an operator of a majority of the interest in the Pennsylvanian formation underlying:

Township 16 South, Range 26 East, N.M.P.M.

Section 32: S/2

2. Applicant proposes to drill its Friendly Frenchman No. 1 at a location 1,005 feet from the South line and 660 feet from the East line of said Section 32.

3. Applicant seeks an exception to the well location requirement of Rule 104-C of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.

4. That a standard 320-acre proration unit comprising the S/2 of said Section 32 would be dedicated to the Friendly Frenchman No. 1 well.

5. That the approval of this application will afford the 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 Friendly Frenchman No. 1 well and to dedicate the S/2 of said Section 32 to said well, 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

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. 5871

Order No. R- 5383

APPLICATION OF YATES PETROLEUM CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 16, 19 77,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of February, 19 77, 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
for its Friendly Frenchman Well No. 1 to be drilled
approval of an unorthodox gas well location 1005 feet from the South
line and 660 feet from the East line of Section 32, Township
16 South, Range 26 East, NMPM, to test the Wolfcamp
and Pennsylvania formations, Eddy
County, New Mexico.

(3) That the S/2 of said Section 32 is to be dedicated to the
well.

(4) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

-2-

Case No. _____
Order No. R- _____

(6) 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:

The Yates Petroleum Corporation (1) That an unorthodox gas well location for ~~the~~ *Wellhead and Pennsylvania* ~~applicant's~~ Friendly Frenchman Well No. 1 to be drilled formations is hereby approved for ~~a well to be located~~ at a point 1005 feet from the South line and 660 feet from the East line of Section 32, Township 16 South, Range 26 East NMPM, Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 32 shall be dedicated to the above-described well.

(3) 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.