

CASE 6512: YATES PETROLEUM CORPORATION *ton*  
FOR AN ORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

CASE NO.

6512

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

I N D E X

MARK WILSON

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

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Topographic Map	5
Applicant Exhibit Three, Structure Map	5
Applicant Exhibit Four, Log	6

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Alamosa (908) 471-2462  
Santa Fe, New Mexico 87501

MR. STAMETS: We'll call next Case 6512.

MS. TESCHENDORF: Case 6512. Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, Carson and Dickerson, P. A., Artesia, New Mexico. I have one witness, Mr. Mark Wilson, who was previously sworn in Case Number 6510.

MR. STAMETS: The record will reflect that Mr. Wilson has been sworn and qualified.

MARK WILSON

being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARSON:

Q Mr. Wilson, will you state the purpose of this application?

A In Case 6512 Yates Petroleum Corporation, operator of the Northwest Indian Basin working interest unit, requests approval for the unorthodox Morrow gas well location of the Hilliard BF Federal No. 2, to be drilled 330 feet from the north line and 2310 feet from the west line of Section 14, Township 21 South, Range 22 East, Indian

SALLY WALTON BOYD  
CERTIFIED COURT REPORTER  
3920 Plaza Blanca (66) 471-1492  
Santa Fe, New Mexico 87101

1 Basin Morrow West Field, Eddy Coun'y, New Mexico, the west  
2 half of said Section 20 of -- 14, rather, -- of said Section  
3 14 is to be dedicated to the well.

4 Q I refer you to Applicant's Exhibit Number  
5 One and ask you to identify that.

6 A Before I do that, I'd like to read a little  
7 further here.

8 This unorthodox drill site is made neces-  
9 sary by four factors.

10 The first, the geologic: Nearly all of the  
11 west half of Section 14 is on the down side of a major  
12 north-northwest trending fault, leaving only a sliver in  
13 the northeast corner of this half section for a drill site.

14 Number two, the primary term of the Federal  
15 lease covering the west half of Section 14, and comprising  
16 the spacing unit, expires on the first of June, 1979.

17 Three, we would like to protect the 5 to  
18 6-billion gas reserves present in our well in the east half  
19 of Section 14.

20 Four, our original location was 660 feet  
21 from the north line and 2310 feet from the west line, but  
22 topographic, environmental, and archaeologic factors forced  
23 us to move the location to the 330 feet from the north line.

24 Q Okay, now let's go back and identify Exhibit  
25 Number One.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (S.O.) (11-2461)  
Santa Fe, New Mexico 87501

1 A. Okay. Exhibit One is a land plat showing  
2 the proposed location in red, and Federal Lease 9531-A,  
3 which expires 6-1-79, in yellow. This lease comprises the  
4 west half of Section 14 and is the acreage to be dedicated  
5 to the well.

6 Q I refer you to Applicant's Exhibit Number  
7 Two and ask you to explain that exhibit.

8 A. Exhibit Two is a topographic map, a portion  
9 of the Bandana Point Sheet; contour interval 50 feet. The  
10 proposed drill site is shown in red and lies just north and  
11 west of the juncture of the two branches of Stinking Draw.

12 The 660-foot location would have lain south  
13 of the draw and was not feasible because of an archaeological  
14 site.

15 A location 500 feet from the north line was  
16 considered but was on a precipitous slope unfit for a well  
17 location.

18 The location 330 feet from the north line  
19 is acceptable topographically and avoids the archaeological  
20 site.

21 Q I refer you to Applicant's Exhibit Number  
22 Three and ask you to explain it.

23 A. Exhibit Three is a structure map on an  
24 oolite marker. Exhibit Three is a structure map on the  
25 M-3 oolite marker, of the upper Morrow, and is shown on the

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (505) 471-3422  
Santa Fe, New Mexico 87501

1 type log, Exhibit Four.

2 This log is from the Yates Federal BF No. 1  
3 in the east half of Section 14, and the location of that  
4 well is shown on Exhibit Three in red, labeled type log.

5 Critical to our location in the north --  
6 is the north-northwest turning fault, which passes just  
7 west to the drill site and parallels the main Indian Basin  
8 fault to the east. The main Indian Basin fault -- excuse  
9 me. Only a tiny portion of the west half of Section 14 is  
10 on the up side of the fault. This seriously restricts where  
11 we can drill.

12 An unorthodox site 1980 feet from the north  
13 line and 1980 feet from the west line would seriously  
14 jeopardize our chances of being on the up side of the fault.  
15 In fact, the only acceptable location is in the far north-  
16 east corner of the west half of Section 14.

17 We believe that the proposed location pro-  
18 vides us with the best chance to protect our gas reserves  
19 in the Yates Hilliard BF Federal No. 1 in the east half of  
20 Section 14.

21 The fault precludes any drainage from the  
22 west, so that we will be draining gas only from the unit  
23 area on the up side of the fault where we have major acreage  
24 interests in the Northwest Indian Basin Unit.

25 It is further believed that our proposed

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Ilanica (G-8) 471-2462  
Santa Fe, New Mexico 87501



1 drill site will be 70 to 80 feet high to the producing well  
2 in the east half of Section 14, thus insuring the more com-  
3 plete drainage of the reservoirs shown on Exhibit Four.

4 The gas/water contact in the main pay lies  
5 between the well and the east half of Section 14 and the  
6 well in Section 12, in which this sandstone was water-  
7 bearing.

8 Q I'll refer you to Applicant's Exhibit Number  
9 Four and ask you to identify that and explain what it  
10 shows.

11 A Exhibit Four is a type log on the first  
12 Yates Hilliard Well, Yates Hilliard BF Federal No. 1-Y in  
13 the east half of Section 14, and the principal thing I  
14 wanted to show on this type log, are the two pay zones,  
15 which are the upper two zones colored red.

16 The main pay is labeled such. It is the  
17 second zone down from the top, and the other one is called  
18 the upper pay, which is the highest pay in the Morrow.

19 The other item I wanted to show on this  
20 log is the M-3 oolite marker which we used for our struc-  
21 tural datum, which is labeled as such on this log. Also,  
22 down at the bottom of the log is the -- toward the bottom  
23 of the log is the Chester shale, top, Chester lime, and  
24 also the main Mississippian limestone.  
25

Q Mr. Wilson, were Applicant's Exhibits Num-

SALLY WALTON FLOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (SOS) 411-2462  
San Antonio, New Mexico 78201



SALLY WALTON ELOYD  
CERTIFIED MORTUARY PREPARED  
2019 Plaza Blanca (305) 471-2462  
Santa Fe, New Mexico 87501

ber One through Four prepared by you or under your supervision?

A. They were all prepared by me.

Q. In your professional opinion would the granting of this application protect correlative rights, prevent waste, and prevent the drilling of an unnecessary number of wells?

A. I think it would.

MR. CARSON: No further questions.

# CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Wilson, what's the nature of the archaeological site that is 660 from the north location?

A. I can't tell you in absolute detail because I got this information from the Yates hand that goes out to the field with the archaeologists. He said there was an Indian site on the south side of the draw that would interfere with this. I can't tell you specifically what it is.

MR. MAHFOOD: It's a pile of rocks that the Indians used to use to make --

A. A mescal pit.

MR. MAHFOOD: A mescal pit.

(There followed a discussion

1 off the record.)

2 A I might say that when we come into this  
3 location they don't want us to come down the draw. They  
4 want us to come in along the ridge on the north side of the  
5 draw, possibly because of this archaeological factor.

6 Q Now, will all of the owners in this unit  
7 share in the production from this well?

8 A Yes. It's a working interest unit and  
9 everybody who has an interest will share in it.

10 Q All right, so it's really not going to --  
11 there's no opportunity for anyone's correlative rights to  
12 be violated because of the extreme nature of the unorthodox  
13 location?

14 A I don't believe so, and the fault, I think,  
15 rules out the possibility of draining anybody west of the  
16 fault.

17 MR. STAMETS: Okay, any other questions  
18 of the witness? He may be excused.

19 Anything further in this case?

20 The case will be taken under advisement.

21 (Hearing concluded.)  
22  
23  
24  
25

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (S.E.) 471-2442  
Santa Fe, New Mexico 87501

## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (S.O.) 471-2462  
San Antonio, New Mexico 87501

*Sally W. Boyd*  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6512  
heard by me on 3-28-79.  
*Richard L. Hunt* Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
28 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor- ) CASE  
poration for an unorthodox gas well ) 6512  
location, Eddy County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

Joel Carson, Esq.  
LOSEE, CARSON & DICKERSON P.A.  
Artesia, New Mexico

SALLY WALTON BOYD  
CERTIFIED REPORTING DEPARTMENT  
2020 Plaza Blanca (SIS) 411-3461  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
28 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor- ) CASE  
poration for an unorthodox gas well ) 6512  
location, Eddy County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

Joel Carson, Esq.  
LOSEE, CARSON & DICKERSON P.A.  
Artesia, New Mexico

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
8030 Plaza Blanca (S.E.) 471-2422  
Santa Fe, New Mexico 87501

I N D E X

MARK WILSON

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

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Topographic Map	5
Applicant Exhibit Three, Structure Map	5
Applicant Exhibit Four, Log	6

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (S 98) 411-3162  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (S.E.) 471-2461  
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6512.  
2 MS. TESCHENDORF: Case 6512. Application  
3 of Yates Petroleum Corporation for an unorthodox gas well  
4 location, Eddy County, New Mexico.

5 MR. CARSON: Mr. Examiner, my name is Noel  
6 Carson, Losee, Carson and Dickerson, P. A., Artesia, New  
7 Mexico. I have one witness, Mr. Mark Wilson, who was pre-  
8 viously sworn in Case Number 6510.

9 MR. STAMETS: The record will reflect that  
10 Mr. Wilson has been sworn and qualified.

11 MARK WILSON  
12  
13 being called as a witness and having been previously sworn  
14 upon his oath, testified as follows, to-wit:

15 DIRECT EXAMINATION

16 BY MR. CARSON:

17 Q Mr. Wilson, will you state the purpose of  
18 this application?  
19

20 A In Case 6512 Yates Petroleum Corporation,  
21 operator of the Northwest Indian Basin working interest  
22 unit, requests approval for the unorthodox Morrow gas well  
23 location of the Hilliard BF Federal No. 2, to be drilled  
24 330 feet from the north line and 2310 feet from the west  
25 line of Section 14, Township 21 South, Range 22 East, Indian



1 Basin Morrow West Field, Eddy County, New Mexico, the west  
2 half of said Section 20 of --- 14, rather, --- of said Section  
3 14 is to be dedicated to the well.

4 Q I refer you to Applicant's Exhibit Number  
5 One and ask you to identify that.

6 A Before I do that, I'd like to read a little  
7 further here.

8 This unorthodox drill site is made neces-  
9 sary by four factors.

10 The first, the geologic: Nearly all of the  
11 west half of Section 14 is on the down side of a major  
12 north-northwest trending fault, leaving only a sliver in  
13 the northeast corner of this half section for a drill site.

14 Number two, the primary term of the Federal  
15 lease covering the west half of Section 14, and comprising  
16 the spacing unit, expires on the first of June, 1979.

17 Three, we would like to protect the 5 to  
18 6-billion gas reserves present in our well in the east half  
19 of Section 14.

20 Four, our original location was 660 feet  
21 from the north line and 2310 feet from the west line, but  
22 topographic, environmental, and archaeologic factors forced  
23 us to move the location to the 330 feet from the north line.

24 Q Okay, now let's go back and identify Exhibit  
25 Number One.

SALLY WALTON BOYD  
CERTIFIED SHOTFIRE REPORTER  
3030 Plaza Blanca (505) 471-4402  
Santa Fe, New Mexico 87501

1 A. Okay. Exhibit One is a land plat showing  
2 the proposed location in red, and Federal Lease 9531-A,  
3 which expires 6-1-79, in yellow. This lease comprises the  
4 west half of Section 14 and is the acreage to be dedicated  
5 to the well.

6 Q. I refer you to Applicant's Exhibit Number  
7 Two and ask you to explain that exhibit.

8 A. Exhibit Two is a topographic map, a portion  
9 of the Bandana Point Sheet; contour interval 50 feet. The  
10 proposed drill site is shown in red and lies just north and  
11 west of the juncture of the two branches of Stinking Draw.

12 The 660-foot location would have lain south  
13 of the draw and was not feasible because of an archaeological  
14 site.

15 A location 500 feet from the north line was  
16 considered but was on a precipitous slope unfit for a well  
17 location.

18 The location 330 feet from the north line  
19 is acceptable topographically and avoids the archaeological  
20 site.

21 Q. I refer you to Applicant's Exhibit Number  
22 Three and ask you to explain it.

23 A. Exhibit Three is a structure map on an  
24 oolite marker. Exhibit Three is a structure map on the  
25 M-3 oolite marker, of the upper Morrow, and is shown on the

SALLY WALTON ROYD  
CERTIFIED SHORTLAND REPORTER  
2020 Plaza Ilwaco (503) 471-2461  
Santa Fe, New Mexico 87501

1 type log, Exhibit Four.

2 This log is from the Yates Federal BF No. 1  
3 in the east half of Section 14, and the location of that  
4 well is shown on Exhibit Three in red, labeled type log.

5 Critical to our location in the north --  
6 is the north-northwest turning fault, which passes just  
7 west to the drill site and parallels the main Indian Basin  
8 fault to the east. The main Indian Basin fault -- excuse  
9 me. Only a tiny portion of the west half of Section 14 is  
10 on the up side of the fault. This seriously restricts where  
11 we can drill.

12 An unorthodox site 1980 feet from the north  
13 line and 1980 feet from the west line would seriously  
14 jeopardize our chances of being on the up side of the fault.  
15 In fact, the only acceptable location is in the far north-  
16 east corner of the west half of Section 14.

17 We believe that the proposed location pro-  
18 vides us with the best chance to protect our gas reserves  
19 in the Yates Hilliard BF Federal No. 1 in the east half of  
20 Section 14.

21 The fault precludes any drainage from the  
22 west, so that we will be draining gas only from the unit  
23 area on the up side of the fault where we have major acreage  
24 interests in the Northwest Indian Basin Unit.

25 It is further believed that our proposed

SALLY WALTON (BOYD)  
CERTIFIED SHORTHAND REPORTER  
3420 Plaza Blanca (606) 471-8402  
Santa Fe, New Mexico 87513

1 drill site will be 70 to 80 feet high to the producing well  
2 in the east half of Section 14, thus insuring the more com-  
3 plete drainage of the reservoirs shown on Exhibit Four.

4 The gas/water contact in the main pay lies  
5 between the well and the east half of Section 14 and the  
6 well in Section 12, in which this sandstone was water-  
7 bearing.

8 Q I'll refer you to Applicant's Exhibit Number  
9 Four and ask you to identify that and explain what it  
10 shows.

11 A Exhibit Four is a type log on the first  
12 Yates Hilliard Well, Yates Hilliard BF Federal No. 1-Y in  
13 the east half of Section 14, and the principal thing I  
14 wanted to show on this type log, are the two pay zones,  
15 which are the upper two zones colored red.

16 The main pay is labeled such. It is the  
17 second zone down from the top, and the other one is called  
18 the upper pay, which is the highest pay in the Morrow.

19 The other item I wanted to show on this  
20 log is the M-3 oolite marker which we used for our struc-  
21 tural datum, which is labeled as such on this log. Also,  
22 down at the bottom of the log is the -- toward the bottom  
23 of the log is the Chester shale, top, Chester lime, and  
24 also the main Mississippian limestone.

25 Q Mr. Wilson, were Applicant's Exhibits Num-

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Elanora (S.D.C.) 471-2162  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (955) 471-2162  
Santa Fe, New Mexico 87501

1 bar One through Four prepared by you or under your super-  
2 vision?

3 A They were all prepared by me.

4 Q In your professional opinion would the  
5 granting of this application protect correlative rights,  
6 prevent waste, and prevent the drilling of an unnecessary  
7 number of wells?

8 A I think it would.

9 MR. CARSON: No further questions.

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Wilson, what's the nature of the  
13 archaeological site that is 660 from the north location?

14 A I can't tell you in absolute detail because  
15 I got this information from the Yates hand that goes out  
16 to the field with the archaeologists. He said there was  
17 an Indian site on the south side of the draw that would  
18 interfere with this. I can't tell you specifically what  
19 it is.

20 MR. MAHFOOD: It's a pile of rocks that the  
21 Indians used to use to make --

22 A A mescal pit.

23 MR. MAHFOOD: A mescal pit.

24 (There followed a discussion  
25

off the record.)

A I might say that when we come into this location they don't want us to come down the draw. They want us to come in along the ridge on the north side of the draw, possibly because of this archaeological factor.

Q Now, will all of the owners in this unit share in the production from this well?

A Yes. It's a working interest unit and everybody who has an interest will share in it.

Q All right, so it's really not going to -- there's no opportunity for anyone's correlative rights to be violated because of the extreme nature of the unorthodox location?

A I don't believe so, and the fault, I think, rules out the possibility of draining anybody west of the fault.

MR. STAMETS: Okay, any other questions of the witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3039 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87511

## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. \_\_\_\_\_ heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Elanor (Rm.) 471-2462  
Santa Fe, New Mexico 87101





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING.

CASE NO. 6512  
Order No. R-5973

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 28, 1979,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of April, 1979, the Division  
Director, 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 Division 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 Hilliard  
"BF" Federal Well No. 2 to be located 330 feet from the North  
line and 2310 feet from the West line of Section 14, Township  
21 South, Range 22 East, NMPM, to test the Morrow formation,  
West Indian Basin-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the W/2 of said Section 14 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 a well at said unorthodox location will avoid  
proximity to an identified archaeological site.

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

-2-

Case No. 6512

Order No. R-5973

(7) 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 an unorthodox gas well location for Morrow formation is hereby approved for the Yates Petroleum Corporation Hilliard "BF" Federal Well No. 2 to be located 330 feet from the North line and 2310 feet from the West line of Section 14, Township 21 South, Range 22 East, NMPM, West Indian Basin-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the W/2 of said Section 14 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 Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L

rd/

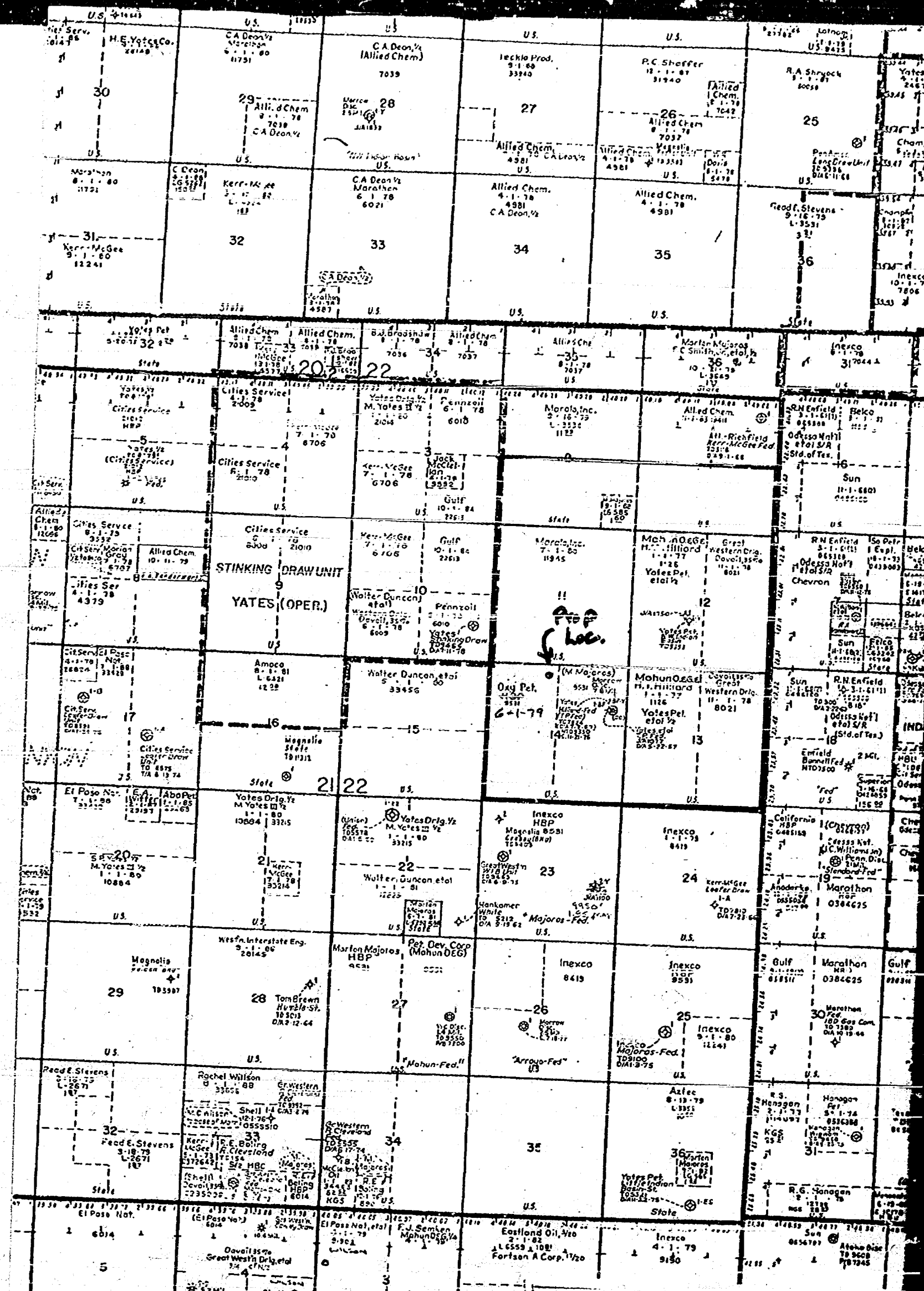


EXHIBIT 1  
LAND PLAT  
CASE 6512 - UNORTHODOX MORROW LOCATION  
330' FNL 2310' FWT.  
Sec. 14-21S-22E  
Indian Basin Morrow, West Field  
Eddy County, New Mexico  
Outline of IW Indian Basin Unit in Red  
Lease expiring 6-1-79 in Yellow

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

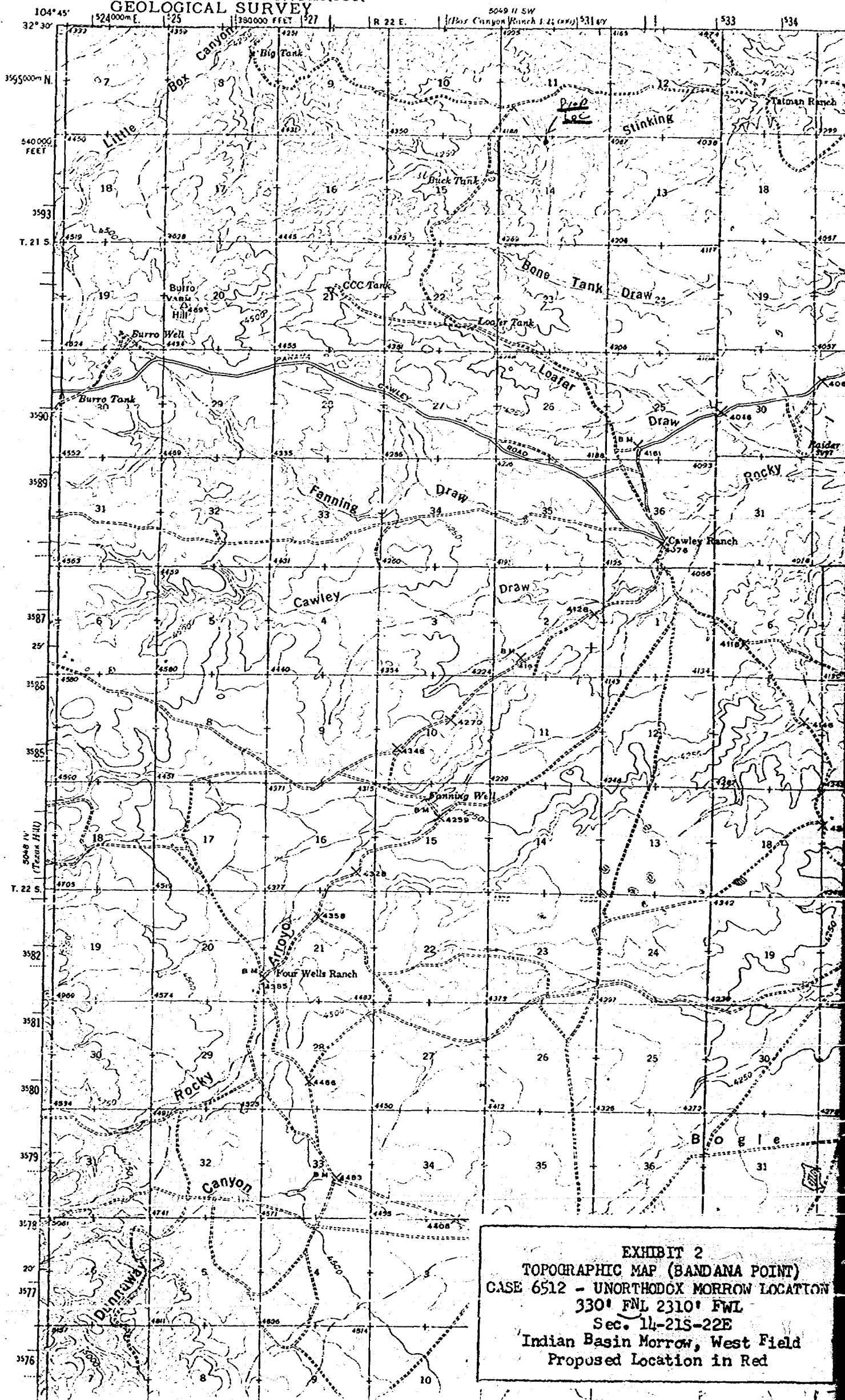
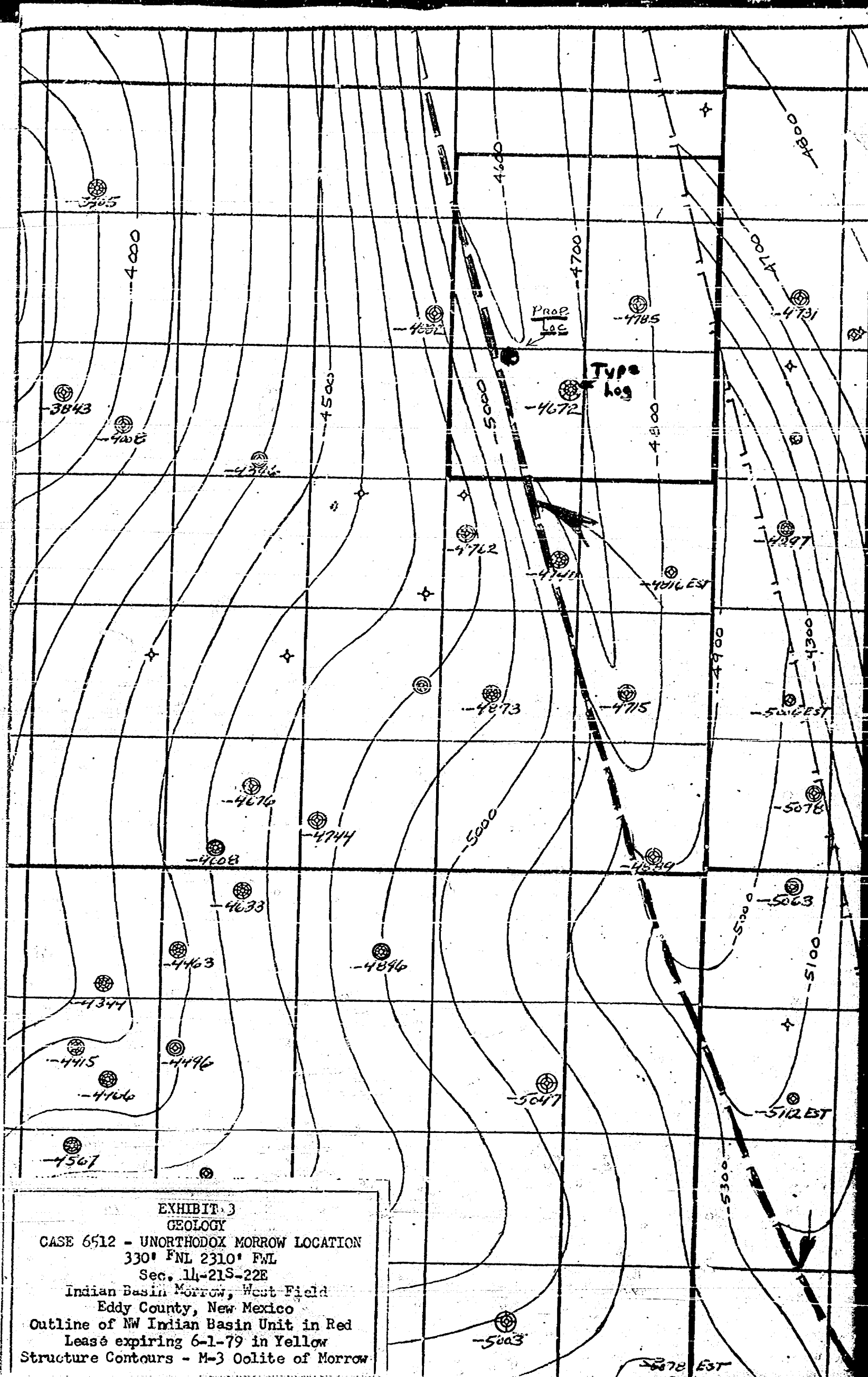
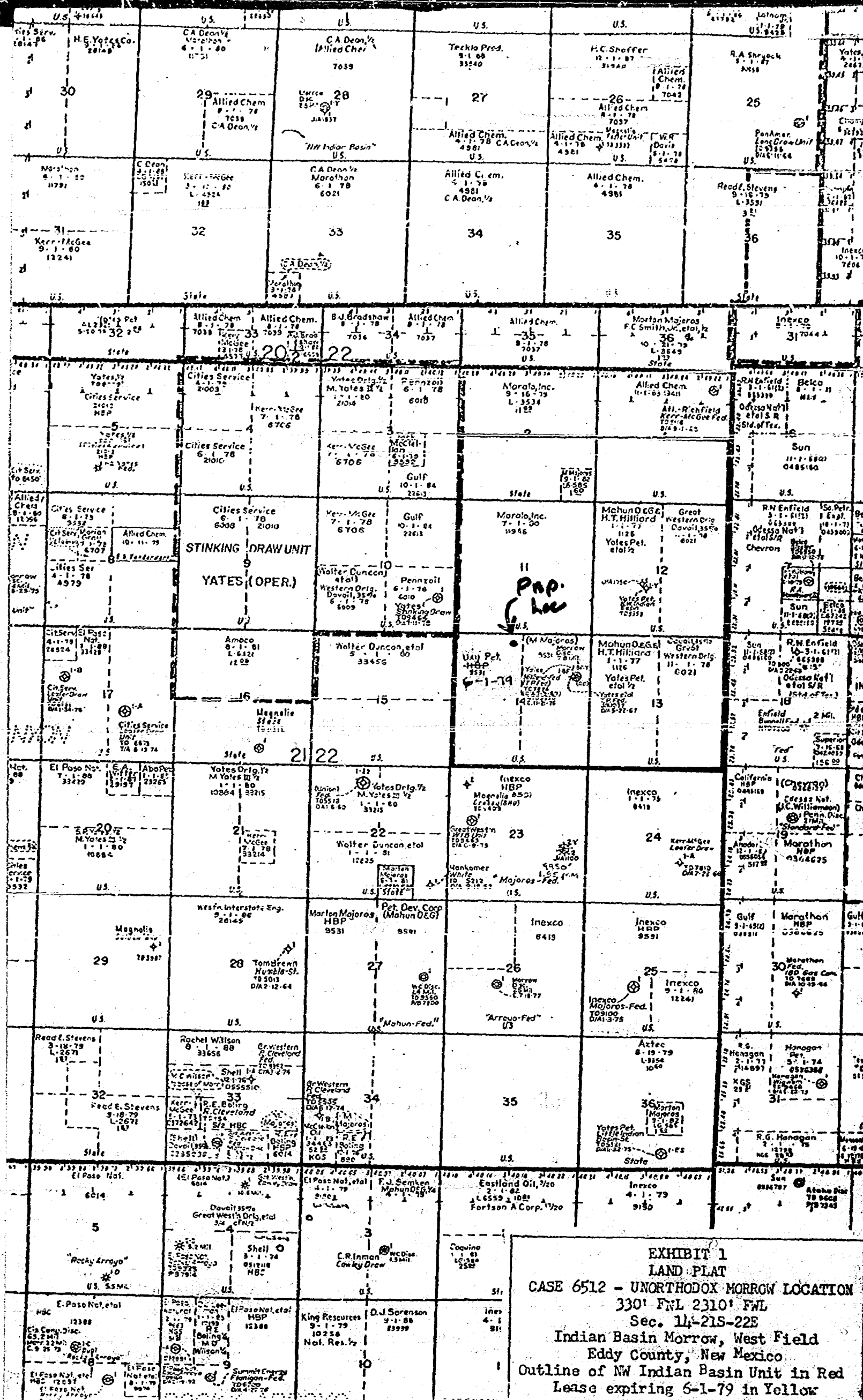


EXHIBIT 2  
TOPOGRAPHIC MAP (BANDANA POINT)  
CASE 6512 - UNORTHODOX MORROW LOCATION  
330' FNL 2310' FWL  
Sec. 11-21S-22E  
Indian Basin Morrow, West Field  
Proposed Location in Red









UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

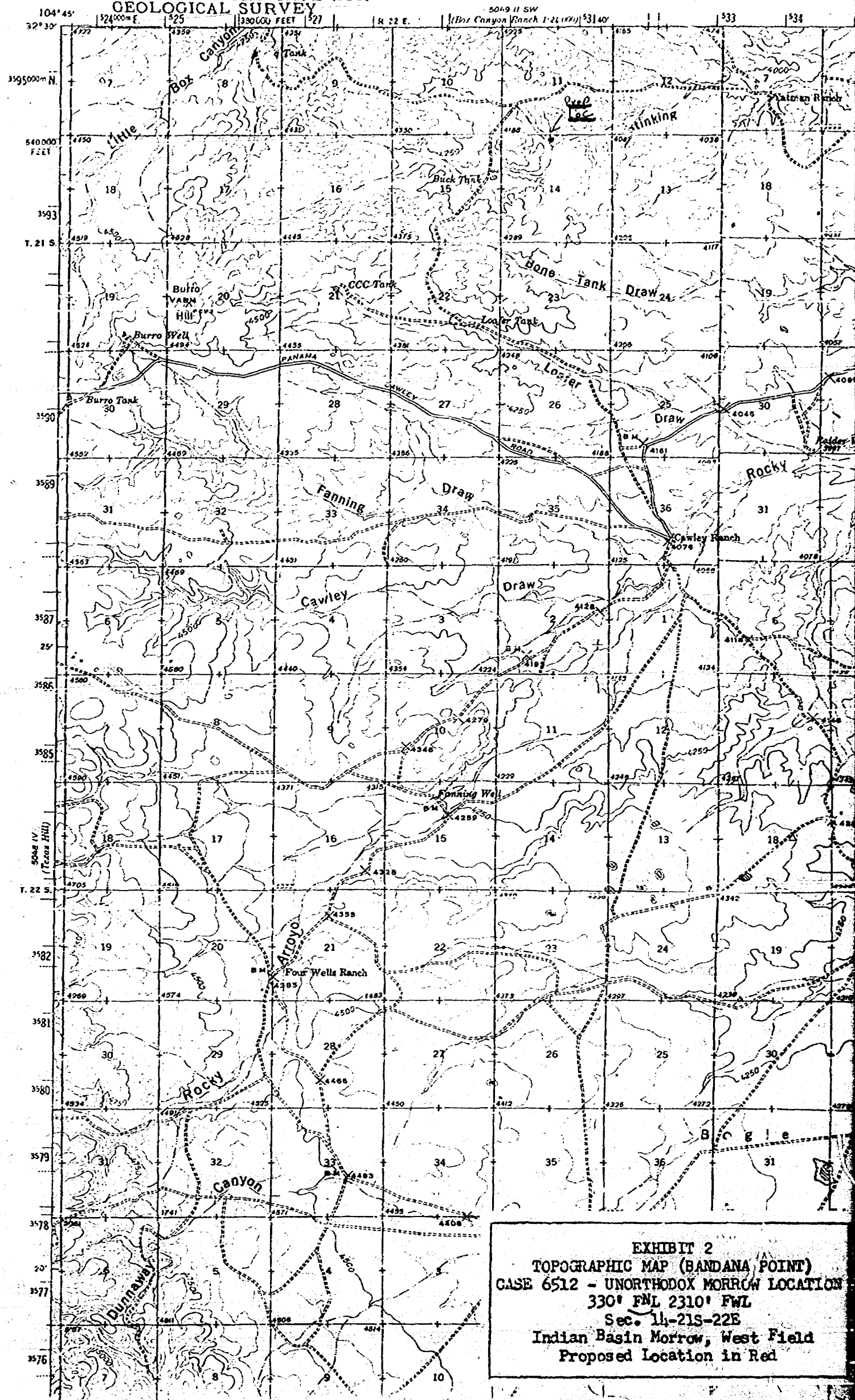
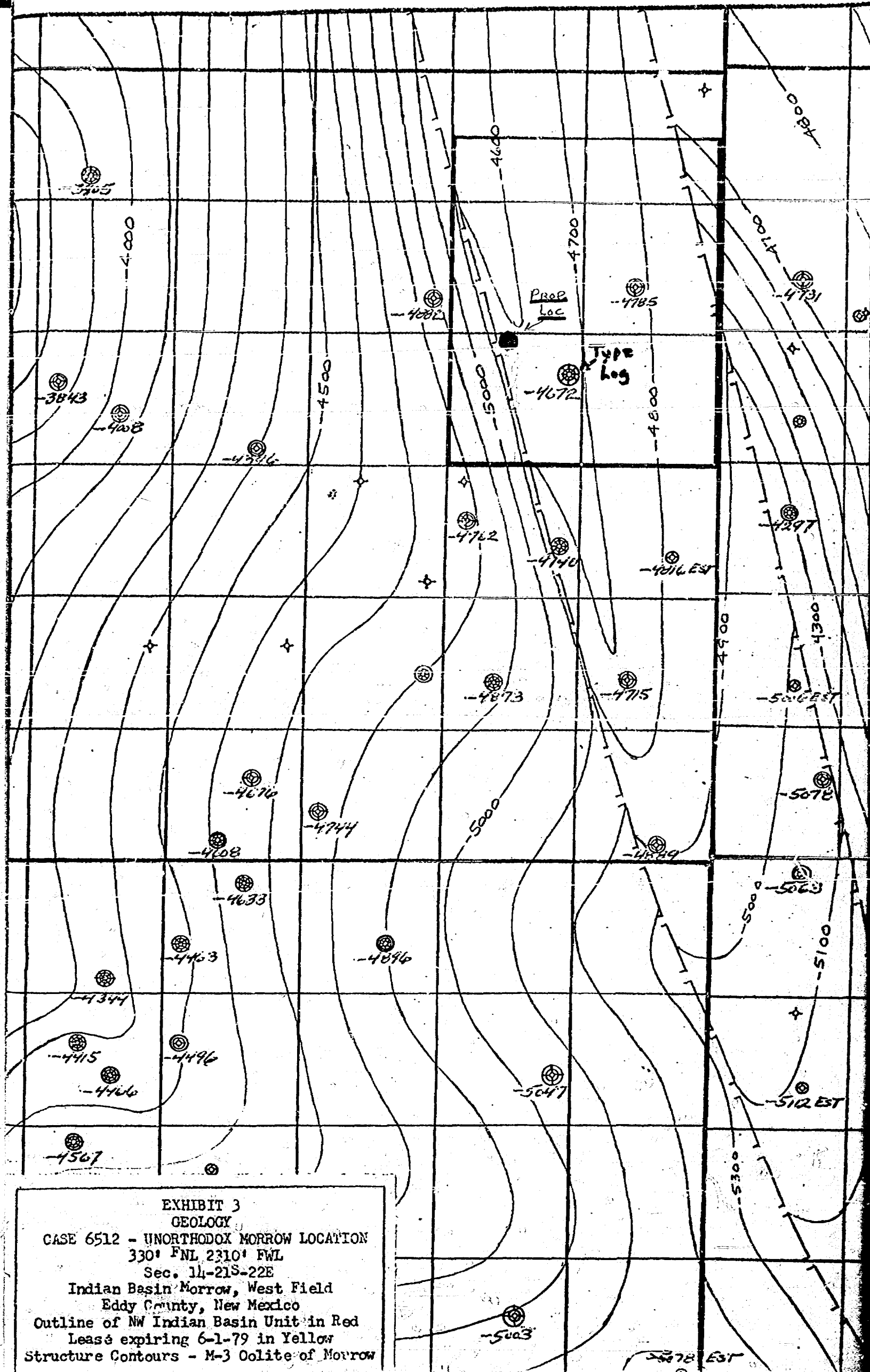


EXHIBIT 2  
TOPOGRAPHIC MAP (BANDANA POINT)  
CASE 6512 - UNORTHODOX MORROW LOCATION  
330' FNL 2310' FWL  
Sec. 11-21S-22E  
Indian Basin Morrow, West Field  
Proposed Location in Red



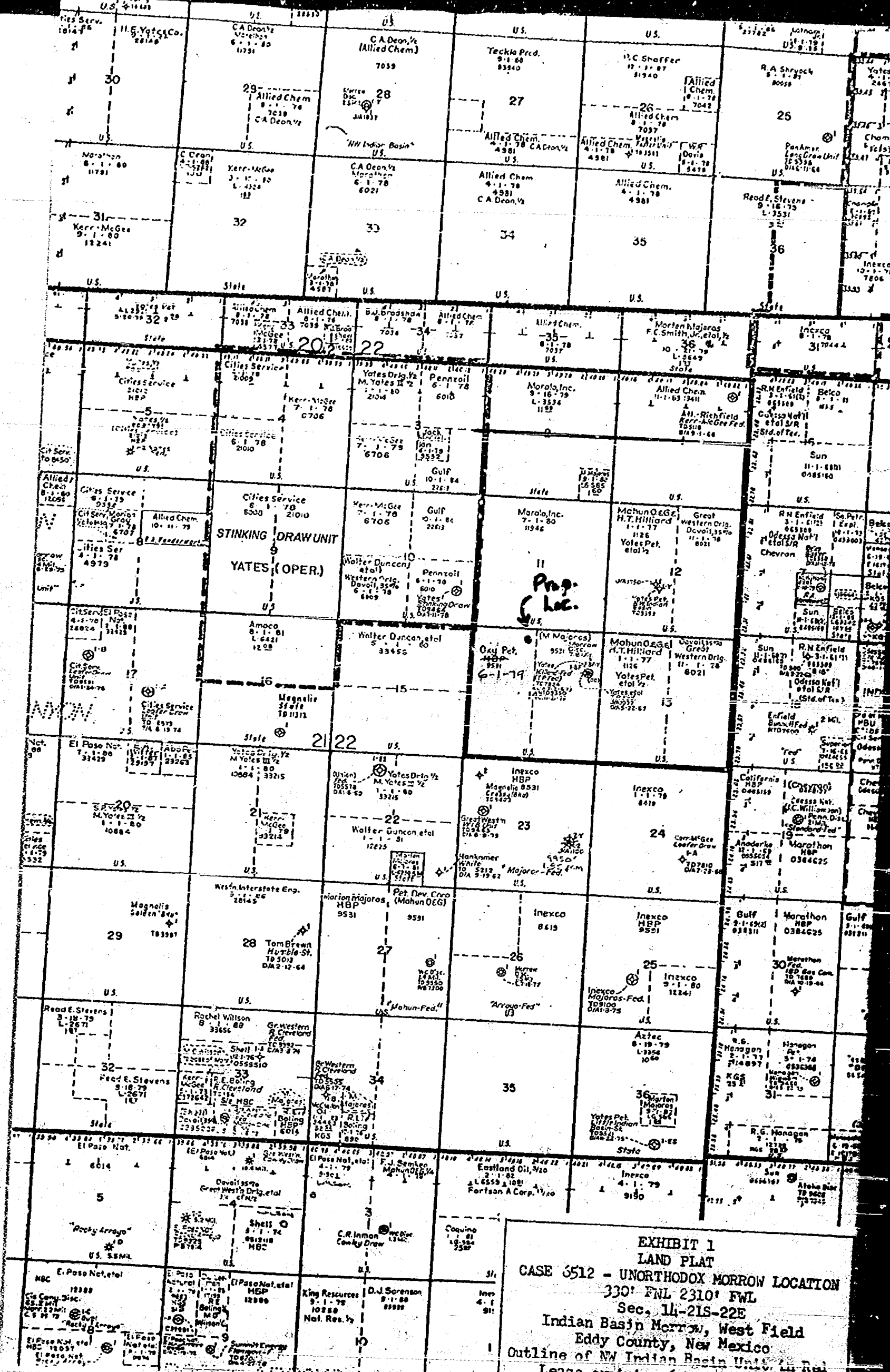
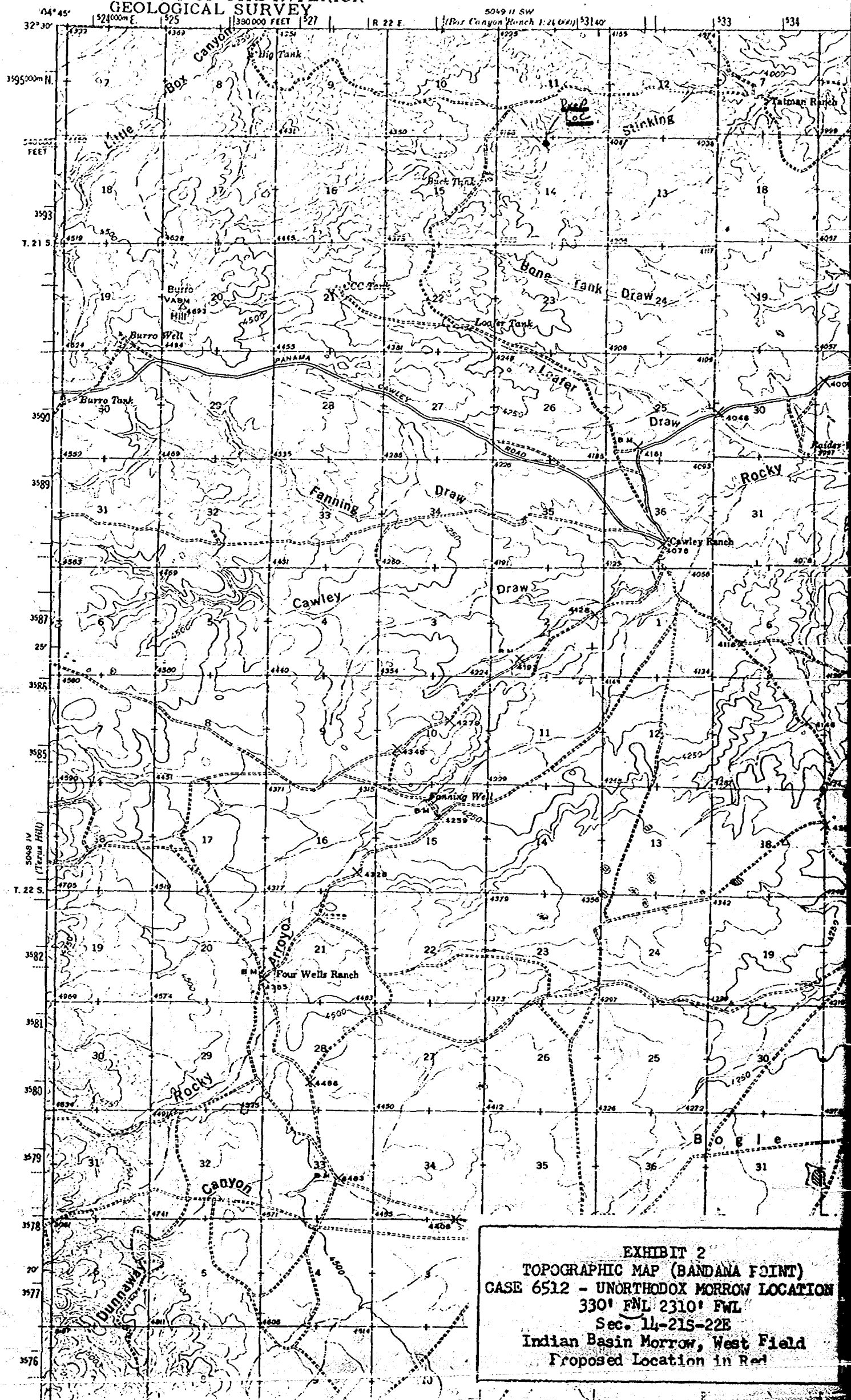
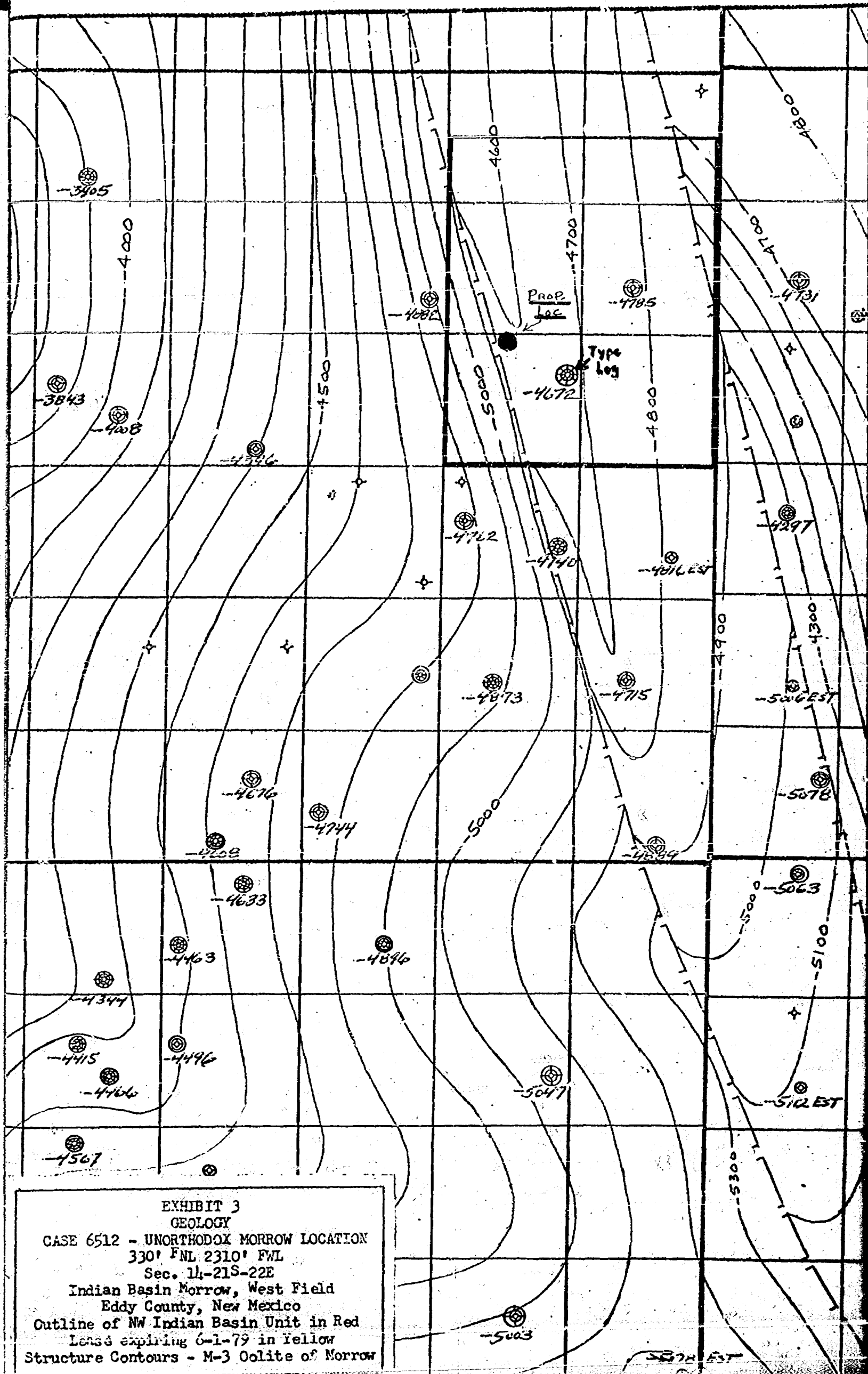


EXHIBIT 1  
LAND PLAT  
CASE 6512 - UNORTHODOX MORROW LOCATION  
330' FNL 2310' FWL  
Sec. 11-21S-22E  
Indian Basin Morrow, West Field  
Eddy County, New Mexico  
Outline of NW Indian Basin Unit  
Lease expiring 6-1-79 in Yellow

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY







CASE 6509: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new gas pool in the Yates formation for its Depco Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, Eddy County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre gas well spacing.

CASE 6480: (Continued from February 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its State 22 Well No. 1 located in Unit P of Section 22, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.

CASE 6482: (Continued from February 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Mobil 27 State Well No. 1 located in Unit A of Section 27, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.

CASE 6072: (Continued from March 14, 1979, Examiner Hearing)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6492: (Continued from March 14, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 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.

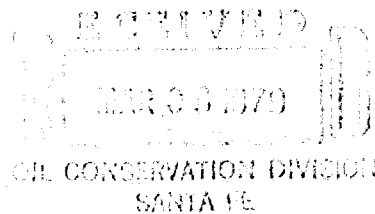
CASE 6510: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp through Mississippian formations of its Rio Pecos Federal "KO" Well No. 1, to be located 660 feet from the North line and 1300 feet from the East line of Section 28, Township 18 South, Range 27 East, Eddy County, New Mexico, the E/2 of said Section 28 to be dedicated to the well.

CASE 6511: Application of Yates Petroleum Corporation for a dual completion and downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Tom Brown "GO" Com. Well No. 1 located in Unit C of Section 22, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, to produce gas from the Lower Morrow formation through tubing and to commingle and produce the Strawn and Upper Morrow zones in the annulus of said well.

CASE 6512: 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 Hilliard "BF" Federal Well No. 2, to be located 330 feet from the North line and 2310 feet from the West line of Section 14, Township 21 South, Range 22 East, to test the Wolfcamp through Mississippian formations, Eddy County, New Mexico, the W/2 of said Section 14 to be dedicated to the well.

CASE 6513: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Stebbins GQ Fed. Well No. 1 located in Unit B of Section 20, Township 20 South, Range 29 East, East Burton Flats Field, Eddy County, New Mexico.

CASE 6514: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Burton Flats-Atoka and East Burton Flats-Morrow production in the wellbore of its Williamson BC Fed. Well No. 4 located in Unit K of Section 7, Township 20 South, Range 29 East, Eddy County, New Mexico.



BEFORE THE OIL CONSERVATION DIVISION  
OF THE 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. 6512

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through  
the Mississippian formations underlying:

Township 21 South, Range 22 East, N.M.P.M.

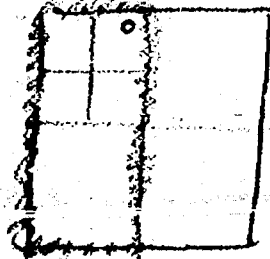
Section 14: W/2

and proposes to drill its Hilliard "BF" Federal No. 2 Well at a  
point located <sup>330</sup>~~660~~ feet from the North line and 2,310 feet from the  
West line of said Section 14.

2. The applicant seeks an exception to the well loca-  
tion requirements of Rule 104-C.2(a) of the Oil Conservation  
Division to permit the drilling of the well at the above men-  
tioned unorthodox location to a depth sufficient to adequately  
test the Wolfcamp through the Mississippian formations.

3. A standard 320-acre gas proration unit comprising  
the W/2 of said Section 14 should be dedicated to such well or  
to such lesser portion thereof as is reasonably shown to be  
reasonably productive of gas.

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



*Amendment  
called in  
by Beverly  
3/6/78*



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 Division enter its order granting applicant permission to drill a well 660 feet from the North line and 2,310 feet from the West line of said Section 14 and to dedicate the W/2 of Section 14, which is reasonably presumed to be productive of gas from the Wolfcamp through the Mississippian formations.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson

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

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION  
OF THE 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. 6512

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through  
the Mississippian formations underlying:

Township 21 South, Range 22 East, N.M.P.M.

Section 14: W/2

and proposes to drill its Hilliard "BF" Federal No. 2 Well at a  
point located <sup>330</sup>~~660~~ feet from the North line and 2,310 feet from the  
West line of said Section 14.

2. The applicant seeks an exception to the well loca-  
tion requirements of Rule 104-C.2(a) of the Oil Conservation  
Division to permit the drilling of the well at the above men-  
tioned unorthodox location to a depth sufficient to adequately  
test the Wolfcamp through the Mississippian formations.

3. A standard 320-acre gas proration unit comprising  
the W/2 of said Section 14 should be dedicated to such well or  
to such lesser portion thereof as is reasonably shown to be  
reasonably productive of gas.

4. 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 Division enter its order granting applicant permission to drill a well 660 feet from the North line and 2,310 feet from the West line of said Section 14 and to dedicate the W/2 of Section 14, which is reasonably presumed to be productive of gas from the Wolfcamp through the Mississippian formations.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson

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

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION  
OF THE 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. 6512

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through  
the Mississippian formations underlying:

Township 21 South, Range 22 East, N.M.P.M.

Section 14: W/2

and proposes to drill its Hilliard "BF" Federal No. 2 Well at a  
point located <sup>330</sup>~~440~~ feet from the North line and 2,310 feet from the  
West line of said Section 14.

2. The applicant seeks an exception to the well loca-  
tion requirements of Rule 104-C.2(a) of the Oil Conservation  
Division to permit the drilling of the well at the above men-  
tioned unorthodox location to a depth sufficient to adequately  
test the Wolfcamp through the Mississippian formations.

3. A standard 320-acre gas proration unit comprising  
the W/2 of said Section 14 should be dedicated to such well or  
to such lesser portion thereof as is reasonably shown to be  
reasonably productive of gas.

4. 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 Division enter its order granting applicant permission to drill a well 660 feet from the North line and 2,310 feet from the West line of said Section 14 and to dedicate the W/2 of Section 14, which is reasonably presumed to be productive of gas from the Wolfcamp through the Mississippian formations.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson

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

Attorneys for Applicant

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6512

ORDER NO. R-5973

APPLICATION OF Yates Petroleum Corporation

FOR AN UNORTHODOX GAS WELL LOCATION,

Eddy COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, for its Hilliard "BF" Federal Well No. 2 to be located seeks approval of an unorthodox gas well location/ 330

feet from the North line and 2310 feet from the

West line of Section 14, Township 21 South

Range 22 East, NMPM, to test the ~~Wapi Camp through~~

~~Nippian~~ Morrow formations, West Indian Basin - Morrow Gas Pool, Eddy

County, New Mexico.

(3) That the W/2 of said Section 14 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.

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

(5) That a well at said unorthodox location will avoid proximity to an identified archaeological site.

-2-

Case No. \_\_\_\_\_  
Order No. R- \_\_\_\_\_

(7) 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 an unorthodox gas well location for the ~~Wolfeamp through~~ <sup>Morrow</sup> ~~Mississippian~~ (the Yates Petroleum Corporation Hilliard "BF" Well formation) is hereby approved for a well to be located at a point No. 2 to be located 330 feet from the North line and 2310 feet from the West line of Section 14, Township 21 South, Range 22 East NMPM, ~~West Indian Basin~~ <sup>Morrow Gas</sup> Pool, Eddy County, New Mexico.

(2) That the W/2 of said Section 14 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 Division may deem necessary.

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