

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10430
ORDER NO. R-9579-A

APPLICATION OF HARVEY E. YATES
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 19, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of January, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) By Division Order No. R-9579, issued in Case No. 10365 and dated September 10, 1991, Harvey E. Yates Company (HEYCO) obtained from the New Mexico Oil Conservation Division authority to pool all mineral interests, whatever they may be, from the surface to the base of the Grayburg formation underlying the NW/4 NE/4 (Unit B) of Section 32, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to HEYCO's Atlantic State "32" Well No. 4 to be drilled at a standard oil well location thereon.
- (3) Subsequent to said order, HEYCO commenced drilling its Atlantic "32" State Well No. 6 (*note the redesignation of the subject well*) 330 feet from the North line and 2310 feet from the East line (Unit B) of said Section 32 under the provisions of said compulsory pooling order.

(4) While in the process of drilling said Atlantic "32" State Well No. 6 problems were encountered and the wellbore was "junked and abandoned." The drilling rig being utilized on said wellbore was "skidded" (moved) immediately to commence the drilling of a replacement well, the Atlantic "32" State Well No. 6-Y located at a standard oil well location 341 feet from the North line and 2310 feet from the East line of said Section 32.

(5) At this time, HEYCO seeks, as advertised, an order pooling all mineral interests from the surface to the base of the Grayburg formation underlying the NW/4 NE/4 (Unit B) of said Section 32 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Buffalo-Yates Pool and Undesignated Buffalo-Queen Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon; or, as requested at the hearing, interpretation by the Division as to the extent of Order No. R-9579 in this situation.

(6) Although said order stipulated a particular well to be designated to the pooled acreage, it is the Division's opinion that the possibility of completely losing a wellbore during the drilling process, thereby requiring the operator to "skid the rig over" and drill a replacement well, is assumed to be just one of the many risks involved in forced pooling procedures.

(7) Said Order No. R-9579 therefore adequately addresses this issue and provides appropriate relief to the operator, causing the need for a second compulsory pooling order for the NW/4 NE/4 of said Section 32 to be unnecessary.

(8) Division Order No. R-9579 should remain in full force and effect until further notice and immediate Case No. 10430 should be dismissed without prejudice.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-9579, issued in Case No. 10365 and dated September 10, 1991 shall continue in full force and effect until further notice.

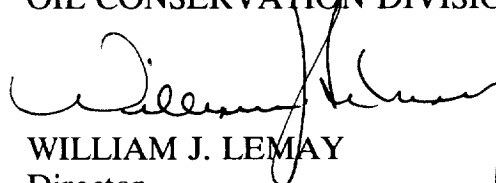
(2) Case No. 10430 shall be dismissed without prejudice at this time.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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