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STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Chad Dickerson  
Losee, Carson & Dickerson  
Attorneys at Law  
Post Office Drawer 239  
Artesia, New Mexico 88210

Re: CASE NO. 8036  
ORDER NO. R-7428

Applicant:

Yates Petroleum Corporation

Dear Sir:

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

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>      <b>x</b>      </u>
Artesia OCD	<u>      <b>x</b>      </u>
Aztec OCD	

Other \_\_\_\_\_

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. 8036  
Order No. R-7428

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN UNORTHODOX  
LOCATION AND SIMULTANEOUS DEDICATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 18, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of January, 1984, 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 Williamson "BC" Federal Well No. 5 to be drilled 990 feet from the South line and 1,980 feet from the East line of Section 17, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, to test all formations from the top of the Wolfcamp through the Morrow formation, the E/2 of said Section 17 to be dedicated to said well.

(3) That the applicant is also the owner and operator of the Williamson "BC" Federal Well No. 3 located 1980 feet from the North line and 660 feet from the East line of said Section 17, which is presently producing from the East Burton Flat Morrow Gas Pool, and the E/2 of said Section 17 is dedicated to the well.

(4) That if the Williamson "BC" Federal Well No. 5 is found to be productive of gas from the Morrow formation, the applicant then proposes to simultaneously dedicate the E/2 of said Section 17 to both of the above-described wells.

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

(6) That no offset operator is subject to the proposed unorthodox location and simultaneous dedication.

(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 Yates Petroleum Corporation is hereby authorized to drill its Williamson "BC" Federal Well No. 5 at an unorthodox location 990 feet from the South line and 1980 feet from the East line of Section 17, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That a 320-acre standard gas proration unit comprising the E/2 of said Section 17 for all formations from the top of the Wolfcamp down to the top of the Morrow formation shall be dedicated to the above-described well.

(3) That if the said Williamson "BC" Federal Well No. 5 is found to be productive of gas from the Morrow formation then a 320-acre standard gas proration unit comprising the E/2 of said Section 17 shall be simultaneously dedicated to the above-described well and to applicant's Williamson "BC" Federal Well No. 3 located 1980 feet from the North line and 660 feet from the East line of said Section 17.

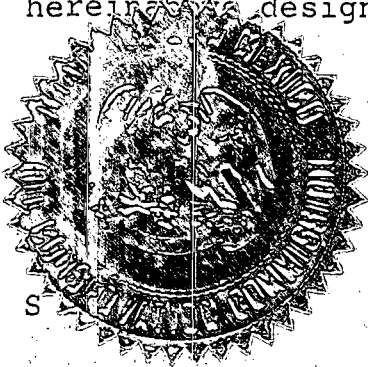
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Case No. 8036

Order No. R-7428

(4) 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 herein designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director