

**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. 11671
Order No. R-10733**

**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 8:15 a.m. on December 19, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of January, 1997, 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) The applicant, Yates Petroleum Corporation, seeks authority to drill its Stonewall "DD" State Com Well No. 3 at an unorthodox gas well location 990 feet from the North and West lines (Unit D) of Section 20, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico, to test the Morrow formation, Burton Flat-Morrow Gas Pool. The W/2 of Section 20 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) At the time of the hearing, applicant testified that it has changed the proposed well location for the Stonewall "DD" State Com Well No. 3 to 1650 feet from the North line and 990 feet from the West line (Unit E).

(4) The proposed well is located within the Burton Flat-Morrow Gas Pool, a non-prorated gas pool which is currently governed by Division General Rules and Regulations (Rule No. 104.C.) which require standard 320-acre spacing and proration units with wells to be located no closer than 1650 feet from the end boundary nor closer than 660 feet from the side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary. (Note: the Burton Flat-Morrow Gas Pool was previously governed by the General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for Burton Flat-Morrow Gas Pool as contained within Division Order No. R-8170, as amended. By Division Order Nos. R-8170-E and R-8170-E-1, dated April 2, 1990, and October 28, 1991, respectively, gas prorationing and the Special Rules and Regulations for the Burton Flat-Morrow Gas Pool were both terminated.)

(5) The amended well location for the Stonewall "DD" State Com Well No. 3 is a standard well location for the Burton Flat-Morrow Gas Pool.

(6) The application of Yates Petroleum Corporation for an unorthodox gas well location for its Stonewall "DD" State Com Well No. 3 should be dismissed.

(7) According to applicant's testimony in this case, there is an existing Burton Flat-Morrow Gas Pool producing well within the W/2 of Section 20, being the Yates Petroleum Corporation Stonewall "DD" State Com Well No. 1 located in Unit N.

(8) Applicant testified that in accordance with Division Memorandum dated August 30, 1990, regarding the drilling of a second gas well on a standard gas proration unit in a non-prorated gas pool, Yates will plugback and abandon the Morrow formation in the Stonewall "DD" State Com Well No. 1 should the proposed Stonewall "DD" State Com Well No. 3 be productive in the Burton Flat-Morrow Gas Pool.

(9) The applicant should be required to submit a procedure to the supervisor of the Division's Artesia District Office for plugging back, recompleting, shutting-in or plugging and abandoning the Stonewall "DD" State Com Well No. 1 at such time as the Stonewall "DD" State Com Well No. 3 is completed in and commences production from the Burton Flat-Morrow Gas Pool.

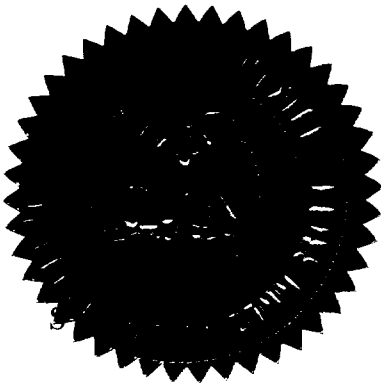
IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation for an unorthodox gas well location for its Stonewall "DD" State Com Well No. 3 to be located 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 20, Township 20 South, Range 28 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, is hereby dismissed.

(2) The applicant shall be required to submit a procedure to the supervisor of the Division's Artesia District Office for plugging back, recompleting, shutting-in or plugging and abandoning the Yates Petroleum Corporation Stonewall "DD" State Com Well No. 1, located in Unit N of Section 20, Township 20 South, Range 28 East, NMPM, at such time as the Stonewall "DD" State Com Well No. 3 is completed in and commences production from the Burton Flat-Morrow Gas Pool.

(3) Jurisdiction is hereby 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

A handwritten signature in dark ink, appearing to read 'William J. Lemay', written over the printed name and title.

WILLIAM J. LEMAY
Director