



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
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August 27, 1997

CAMPBELL, CARR & BERGE, P.A.
Attorneys At Law
Post Office Box 2208
Santa Fe, New Mexico 87504

Attn: William F. Carr

*RE: Case No. 11823
Order No. R-10825*

Dear Sir:

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

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM - Roswell

**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. 11823
Order No. R-10825**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR NINE UNORTHODOX
GAS WELL LOCATIONS, CHAVES COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 7, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of August, 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 approval to drill the following described nine wells at unorthodox gas well locations within the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico:

| <u>WELL NAME</u> | <u>WELL LOCATION</u> | <u>DEDICATED ACREAGE</u> |
|--------------------------------------|-----------------------------------|--------------------------|
| Monaghan "QY" Fed. No. 13 | 2310' FNL & 990' FWL E-34-5S-24E | NW/4 |
| McClellan "MB" Fed. No. 6 | 330' FSL & 1300' FWL M-31-5S-25E | SW/4 |
| McClellan "MB" Fed. No. 7 | 330' FSL & 1300' FEL P-31-5S-25E | SE/4 |
| Jamie Com No. 2 | 1980' FSL & 330' FEL I-33-5S-25E | SE/4 |
| Cottonwood Ranch "MK" State No. 5 | 2160' FNL & 330' FEL H-36-6S-25E | NE/4 |
| Spool "SU" Com No. 7 | 1980' FNL & 2180' FEL G-14-7S-25E | NE/4 |
| Savage Fed. No. 5 | 1300' FNL & 2310' FEL B-4-7S-25E | NE/4 |
| Conejo "RH" State No. 5 | 1500' FNL & 2310' FWL F-2-7S-25E | NW/4 |
| Leeman "OC" Fed. No. 5 | 2310' FSL & 2130' FEL J-18-7S-26E | SE/4 |

(3) The subject wells are located within the Pecos Slope-Abo Gas Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-9976-C, which require initial wells and infill wells to be located no closer than 660 feet from the outer boundary of a governmental quarter section nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary. Rule No. (5) of the Special Rules and Regulations for the Pecos Slope-Abo Gas Pool further provides that all well location exceptions shall be considered only after notice and hearing.

(4) The evidence presented indicates that the subject wells are all infill wells within existing Pecos Slope-Abo Gas Pool proration units.

(5) According to applicant's evidence and testimony, the unorthodox gas well locations are necessitated by a combination of the following described geologic and engineering considerations:

- a) geologically, the subject unorthodox gas well locations were selected in order to maximize net sand thickness within the "A", "B" and "C" sand intervals of the Abo formation.
- b) in selecting the proposed unorthodox gas well locations, applicant attempted to locate the wells in areas of the spacing unit not currently subject to drainage from parent wells and from wells located in offset proration units.

(7) The geologic and engineering evidence and testimony presented by the applicant indicates that by drilling the wells at the proposed unorthodox gas well locations, gas recovery from each respective proration unit should be maximized, thereby preventing waste.

(8) All affected offset acreage is operated by Yates Petroleum Corporation.

(9) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Pecos Slope-Abo Gas 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 THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill the following described wells at unorthodox gas well locations within the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico:

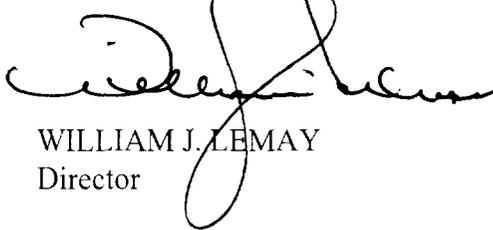
| <u>WELL NAME</u> | <u>WELL LOCATION</u> | <u>DEDICATED ACREAGE</u> |
|--------------------------------------|-----------------------------------|--------------------------|
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(2) Jurisdiction is hereby retained for the entry of such further orders 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


WILLIAM J. LEMAY
Director