

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

**IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR
SPECIAL POOL RULES AND AMENDMENT
OF THE DEPTH BRACKET ALLOWABLE FOR
THE NORTHWEST SHOE BAR-STRAWN POOL,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12900

OIL CONSERVATION DIV.
COMPTROLLER
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APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order (1) promulgating special pool rules and regulations for the Northwest Shoe Bar-Strawn Pool including provisions for a special gas oil ratio of 6000 cubic feet of gas per each barrel of oil produced and (2) increasing the depth bracket allowable for this pool to 6000 to 1, and in support of this application states:

INCREASED DEPTH BRACKET ALLOWABLE:

1. The Sinclair Oil & Gas Company, F. J. Danglade Well No. 1 ("the Danglade Well") located in the NE/4 NE/4 of Section 15, Township 16 South, Range 35 East , NMPM. was drilled in 1956. Although the Strawn formation was tested through the perforated interval from 10,954 feet through 10,980 feet, the well was completed in the Devonian formation. In August 1958 the Danglade Well was recompleted to the Strawn formation .

2. Order No. R-1283, dated November 18, 1958, created the North Shoe Bar-Pennsylvanian Pool as the result of the discovery of hydrocarbons in the Danglade Well and Pursuant to the provisions of Oil Conservation Division Rule 505 the pool was assigned a

depth bracket allowable of 320 barrels of oil per day for each 40-acre unit based on a pool depth range of 10,000 to 10,999 feet.

3. Order No R-6876, dated January 22, 1982, contracted the vertical limits of the North Shoe Bar-Pennsylvanian Pool to the Strawn formation and redesignated the pool the Northwest Shoe Bar- Strawn Pool.

4. This pool was extended by Order No. R-8356, dated December 1, 1986, and currently includes the following acreage in Lea County, New Mexico:

Township 16 South, Range 35 East, N.M.P.M.

Section 15: N/2, SE/4

5. Wells recently drilled in this pool are completed in and produce from the pool depth range from 11,000 to 11,999 feet. These wells and their perforated intervals include:

Yates Petroleum Corporation Big Flat ASN Well No. 2
330' FSL & 330' FEL
Section 10, Township 16 South, Range 35 East
Perforated interval: 11,304-11,321 feet

Yates Petroleum Corporation C. O. Jones Well No. 2
an open hole horizontal completion
Section 11, Township 16 South, Range 35 East
Casing shoe set at 11,320 and end of horizontal lateral at 11,385

Nearburg Producing Company, L.L.C. Eidson Well No 1
1980' FN & WL
Section 15, Township 16 South, Range 35 East
perforated interval: 10,987-11,043 feet

TMBR Sharp Carlisle "15" Well No. 1
1980' FSL & 1650' FEL
Section 15, Township 16 South, Range 35 East
perforated interval: 10,952-10,972 feet, 10,978-11,012 feet

6. Additional wells have recently been drilled in the pool, and on tracts immediately offsetting the pool boundaries. These wells have encountered the Strawn pay below 11,000 feet. These wells can produce at rates in excess of the authorized depth bracket allowable.

7. Yates Petroleum Corporation seeks the amendment of the depth bracket allowable for the Northwest Shoe Bar-Strawn Pool to conform to the depth of the wells producing from this reservoir between 11,000 feet and 11,999 feet of 365 barrels of oil per day for each 40-acre unit.

SPECIAL GAS-OIL RATIO:

8. Wells in the Northwest Shoe Bar-Strawn Pool are operated by Collins & Ware, Inc. under statewide rules at a 2000 to 1 gas-oil ratio.

9. Even with the requested increase in the depth bracket allowable for the pool, certain wells in the Northwest Shoe Bar-Strawn Pool will produce at rates in excess of the authorized rates and continuing to produce wells at the authorized rates will result in oil ultimately being left in the ground thereby causing waste.

10. Yates Petroleum Corporation therefore seeks the establishment of a special gas-oil ratio for the pool of 6,000 cubic feet of gas per barrel of oil produced.

11. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2000, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

CAMPBELL, CARR, BERGE
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ATTORNEYS FOR YATES PETROLEUM
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CASE 2400: Application of Yates Petroleum Corporation for special pool rules and amendment the depth bracket allowable for the Northwest Shoe Bar-Strawn Pool, Lea County, New Mexico. Applicant, in the above-styled cause seeks an increase in the depth bracket allowable for the Northwest Shoe Bar-Strawn Pool located in portions of Section 15 of Township 16 South, Range 35 East, NMPM, to 365 barrels of oil per day for each 40-acre unit to conform the depth bracket allowable to the depth from which wells in this pool are producing. Applicant also seeks the adoption of special pool rules and regulations for this pool including a limiting gas-oil ratio of 6000 cubic feet of gas per barrel of oil produced. Said pool is located approximately 5.5 miles west of Lovington, New Mexico.