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July 18, 2000

**HAND DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 Pacheco Street  
Santa Fe, New Mexico 87503

2473

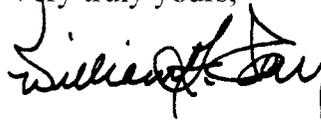
CO JUL 18 PM 1:45  
OIL CONSERVATION DIV

***Re: Application of Harvey E. Yates Company for a non-standard gas spacing and proration unit and an unorthodox gas well location, Eddy County, New Mexico.***

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Harvey E. Yates Company in the above-referenced case as well as a copy of a legal advertisement. Harvey E. Yates Company requests that this matter be placed on the docket for the August 10, 2000 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Melissa Randle w/enclosures

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

**IN THE MATTER OF THE APPLICATION  
OF HARVEY E. YATES COMPANY FOR  
A NON-STANDARD SPACING AND  
PRORATION UNIT AND AN UNORTHODOX  
GAS WELL LOCATION, EDDY COUNTY,  
NEW MEXICO.**

CASE NO. 12473

OIL CONSERVATION DIV.  
09 JUL 18 PM 11:45

**APPLICATION**

COMES NOW HARVEY E. YATES COMPANY ("HEYCO"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an order approving a non-standard 320-acre gas spacing and proration unit in the McMillan-Morrow Gas Pool and exception to the provisions of Rule 4 of the Special Pool Rules and regulations for the McMillan-Morrow Gas Pool for an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line of Section 7, Township 20 South, Range 27 East, NMPM, and in support of its application states:

1. The McMillan-Morrow Gas Pool was established by Oil Conservation Division Order no. R-2917, dated June 8, 1965, and has been extended from time to time to include the following acreage in Eddy County, New Mexico:

**TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM**

Section 13: All  
Section 23: SE/4  
Section 24: All  
Section 26: N/2

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 7: All

Section 18: All

Section 19: All

2. By Order Nos. R-2917, R-2917-A, R-2917-B and R-5829 Special Pool Rules and Regulations were promulgated for the pool which provide for 640-acre spacing and proration units (Rule 2) with wells to be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line (Rule 4).

3. On January 13, 2000, by Order No. R-11308 entered in Case No. 12309, the Division approved the application of Pogo Producing Company for a non-standard gas spacing and proration unit comprised of the S/2 equivalent of Section 7 and also approved an unorthodox gas well location for its Davis "7" Well No. 1 which it has drilled 660 feet from the South and West line of Said Section 7. HEYCO waived objection to Pogo's location in exchange for data on the well.

4. HEYCO owns or represents 100% of the working interest in the 318.22-acre N/2 equivalent (Lots 1 and 2, E/2 NW/4, NE/4) of Section 7, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico on which it proposes to drill its Turner Federal "7" Deep Well No. 1 to test the Morrow formation, McMillan-Morrow Gas Pool, at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line of said Section 7.

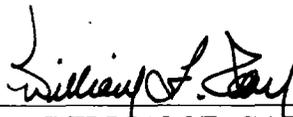
5. Heyco seeks an exception to the provisions of Rules 2 and 4 of the Special Pool Rules for the McMillan-Morrow Gas Pool to permit it to drill its Turner Federal "7" Deep Well No. 1 at its proposed unorthodox gas well location.

6. Approval of this application will be in the best interest of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Harvey E. Yates Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 10, 2000, and that, after notice and hearing as required by law and the rules of the Division, this application be granted.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR HARVEY E. YATES  
COMPANY

CASE 12473 : Application of Harvey E. Yates company for a non-standard gas spacing and proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an exception to the Special Pool Rules and Regulations for the McMillan-Morrow Gas Pool for (1) a 318.22 acre non-standard gas spacing and proration unit comprised of Lots 1 and 2, E/2 NW/4, and NE/4 (N/2 equivalent) of Section 7, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico and (2) an unorthodox well location 1980 feet from the North line and 660 feet from the West line of said Section 7 for its Turner Federal "7" Deep Well No. 1 which it proposes to drill to test the Morrow formation, McMillan-Morrow Gas Pool. Said unit is located approximately \_\_\_ miles \_\_\_\_\_ of \_\_\_\_\_, New Mexico.