

**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. 12883
ORDER NO. R-11801**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 27, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of July, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation ("Yates"), seeks approval of an unorthodox gas well location within the Pecos Slope-Abo Gas Pool for its existing Jasper "ARJ" Federal Well No. 2 (API No. 30-005-63143) located 760 feet from the North line and 2240 feet from the East line (Unit B) of Section 25, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico.

(3) The NE/4 of Section 25 is to be dedicated to the well forming a standard 160-acre spacing and proration unit within the Pecos Slope-Abo Gas Pool.

(4) The Jasper "ARJ" Federal Well No. 2 is located within the Pecos Slope-Abo Gas Pool. The Pecos Slope-Abo Gas Pool is currently governed by "*The Special Rules and Regulations for the Pecos Slope-Abo Gas Pool*" as contained within Division Order No. R-9976-C, which require standard 160-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

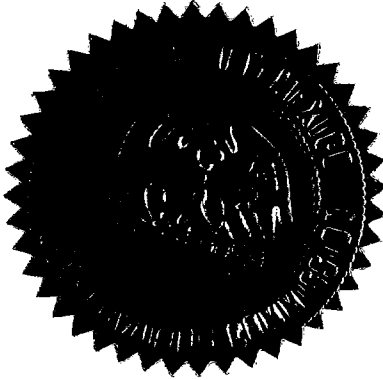
- (5) The applicant presented evidence that demonstrates:
 - (a) the Jasper "ARJ" Federal Well No. 2 was originally permitted by the Division as an Ordovician test. Yates received approval to drill the Jasper "ARJ" Federal Well No. 2 at an unorthodox gas well location for the Ordovician horizon, Undesignated Foor Ranch-Pre Permian Gas Pool, by Division Order No. NSL-4596 dated July 3, 2001;
 - (b) the well was drilled to the Ordovician formation and tested non-productive in this horizon; and
 - (c) the well has been recompleted to the Pecos Slope-Abo Gas Pool and is currently capable of commercial gas production.
- (6) The Jasper "ARJ" Federal Well No. 2 is currently shut-in.
- (7) There are no additional wells producing from the Pecos Slope-Abo Gas Pool within the NE/4 of Section 25.
- (8) Yates has obtained waivers of objection to the proposed unorthodox gas well location from all affected offset operators.
- (9) Approval of the subject application will afford Yates the opportunity to produce the hydrocarbons in the Pecos Slope-Abo Gas Pool underlying the NE/4 of Section 25, and will not violate correlative rights.
- (10) The application should be approved.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Yates Petroleum Corporation for an unorthodox gas well location in the Pecos Slope-Abo Gas Pool for its existing Jasper "ARJ" Federal Well No. 2 (API No. 30-005-63143) located 760 feet from the North line and 2240 feet from the East line (Unit B) of Section 25, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico, is hereby approved.
- (2) The NE/4 of Section 25 shall be dedicated to the well forming a standard 160-acre spacing and proration unit within the Pecos Slope-Abo 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director