

JOEL CARSON  
REL. 8 40

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
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A. J. LOSEE  
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MARY LYNN BOGLE

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3505  
TELECOPY  
(505) 746-6316

July 6, 1992

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

18519

Re: Application of Yates Petroleum Corporation  
for Unorthodox Gas Well Location, Eddy  
County, New Mexico.

Dear Mr. LeMay:

Enclosed please find for filing an original and two copies of  
Yates Petroleum Corporation's Application as referenced above for  
its Diamond "AKI" Federal No. 1 Well.

We would ask that this case be set for hearing August 6, 1992,  
and that we be provided with a copy of the docket. Thank you for  
your assistance.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:kth  
Enclosures

xc w/encl: Kathy Porter

KELLAHIN, KELLAHIN AND AUBREY

'92 JUL 27 AM 9 41

ATTORNEYS AT LAW  
EL PATIO BUILDING  
117 NORTH GUADALUPE  
POST OFFICE BOX 2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W THOMAS KELLAHIN\*  
KAREN AUBREY†

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW  
†ALSO ADMITTED IN ARIZONA

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN (RETIRED 1991)

July 24, 1992

William J. LeMay  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504

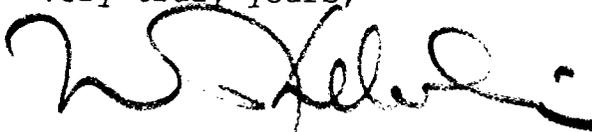
Re: NMOCD Case  
Application of Yates Petroleum Corporation  
for an Unorthodox Gas Well Location  
Diamond "AKI" Fed #1  
Sec 34, T20S, R24E  
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Conoco, Inc., please enter our appearance in the referenced case. Conoco, Inc. is an offsetting operator and working interest owner and will be adversely affected if this application is granted. Conoco will appear at the hearing in opposition to the applicant.

We would appreciate being notified if this matter is continued.

Very truly yours,



W. Thomas Kellahin

WTK/kkl  
1trt723.13

cc: Conoco Inc. (Midland)  
Attn: Mr. Jerry Hoover

cc: Conoco Inc. (Houston)  
Attn: Judith Finkel, Esq.

cc: Earnest L. Carroll, Esq.  
Attorney for Yates Petroleum Corporation

LAW OFFICES  
LOSEE, CARSON, HAAS & CARROLL, P.A.  
300 YATES PETROLEUM BUILDING  
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DEAN B. CROSS  
MARY LYNN BOGLE

1992 AUG 17 PM 9 05

August 14, 1992

**VIA FAX AND FIRST CLASS MAIL**

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Yates Petroleum Corporation  
for Unorthodox Gas Well Location, Eddy  
County, New Mexico, Case No. 10519

Dear Mr. LeMay:

Enclosed please find for filing an original and four copies of  
Yates Petroleum Corporation's Pre-Hearing Statement in the above-  
referenced case.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth  
Enclosures

xc w/encl: W. Thomas Kellahin

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

RECEIVED

AUG 17 1992

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR AN : CASE NO. 10519  
UNORTHODOX GAS WELL LOCATION, EDDY :  
COUNTY, NEW MEXICO :  
:

PRE-HEARING STATEMENT

This prehearing statement is submitted by YATES PETROLEUM CORPORATION, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Yates Petroleum Corporation  
105 S. Fourth St.  
Artesia, New Mexico 88210  
(505)748-1471

Ernest L. Carroll  
Losee, Carson, Haas & Carroll, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239  
(505)746-3505

OPPOSITION OR OTHER PARTY

ATTORNEY

Conoco, Inc.  
P. O. Box 1959  
Midland, TX 79702

W. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
P. O. Box 2265  
Santa Fe, NM 87504-2265

STATEMENT OF CASE

APPLICANT

Applicant is the operator of the Cisco Canyon formation underlying:

Township 20 South, Range 24 East, N.M.P.M.

Section 34: W/2

and proposes to drill its Diamond "AKI" Fed. No. 1 Well at a point located 2080' from the west line and 360' from the south line of said Section 34. The applicant seeks an exception to the well location requirements of Rule 104-C.II(a) of the Oil Conservation Division to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test the Cisco Canyon formation.

OPPOSITION OR OTHER PARTY

Conoco, Inc., the only offset operator, has been notified by Yates and has entered its appearance in this matter, advising that its representatives will appear in opposition.

**PROPOSED EVIDENCE**

APPLICANT

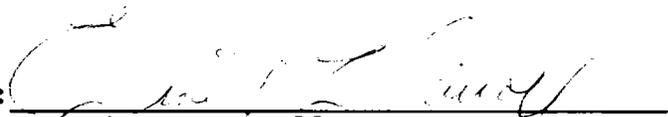
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mike Burch, Landman	10 mins.	4
Pinson McWhorter, Engineer	20 mins.	4
D'Nese Fly, Geologist	20 mins.	4

OPPOSITION

Unknown

**YATES PETROLEUM CORPORATION**

By:

  
Ernest L. Carroll  
Losee, Carson, Haas & Carroll, P. A.  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239  
(505) 746-3505

**Attorneys for Yates Petroleum Corporation**

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. 10519

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN UNORTHODOX  
LOCATION, EDDY COUNTY, NEW  
MEXICO

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO, INC.  
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

YATES PETROLEUM CORP.  
150 S. Fourth Street  
Artesia, NM 88210

ATTORNEY

Ernest Carroll  
Losee, Carson, Haas & Carroll  
P.O. Drawer 239  
Artesia, NM 88211-0239

OPPOSITION OR OTHER PARTY

Conoco, Inc.  
10 Desta Drive West  
Midland, TX 79710  
ATTN: Jerry Hoover

ATTORNEY

W. Thomas Kellahin  
KELLAHIN, KELLAHIN & AUBREY  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

RECEIVED

AUG 14 1992

OIL CONSERVATION DIVISION

STATEMENT OF CASE

APPLICANT

See Applicant filing

OPPOSITION OR OTHER PARTY

Conoco appears in opposition to the Yates Petroleum Company ("Yates") application for an unorthodox well location in the South Dagger Draw-Upper Penn Associated Pool for its Diamond "AKI" Fed #1 Well to be drilled in the SE/4SW/4 of Section 34, T20S, R24E, NMPM. Yates proposes to dedicate the well to a 320-acre spacing unit consisting of the W/2 of Section 34.

Conoco is opposed to this application because approval of the Yates' application will give Yates an unfair advantage over Conoco's interests in the three spacing units towards which the Yates' location will encroach. In addition, a substantial portion of the Yates' spacing unit is not expected to be reasonably productive of gas

Yates' location should be denied because Yates could directionally drill its proposed well starting at a surface location which avoids the BLM imposed surface restrictions and then drilling to a standard bottom hole location thereby complying with existing well location rules for the pool and avoiding impairing Conoco's correlative rights.

Should the Division approve the application, Conoco urges the adoption of a penalty formula to be applied against this gas well using the non-prorated gas well penalty allowable methodology and establishing a penalty based upon the percentage of encroachment towards Conoco and the lack of productive acreage in the Yates' spacing unit.

The Yates' location is 45.45% too close to the southern boundary and 15% too close to the eastern boundary. In addition, approximately 60% of the Yates' spacing unit is non-productive.

The application is nothing more than a "corner-shot" to benefit Yates at the expense of Conoco. Such applications should be denied.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
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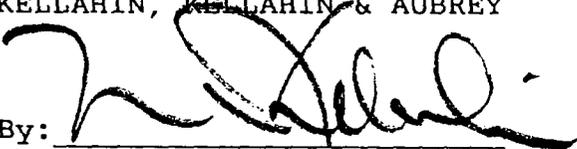
OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
Bill Hardy Geologist	30 Min.	4 Exhibits
Mark Majcher Petroleum Engineer	30 Min.	4 Exhibits

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

Attorneys for Applicant



BRUCE KING  
GOVERNOR

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

POST OFFICE BOX 10388  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
505.827.5800

MEMORANDUM

TO: OPERATORS  
FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*  
SUBJECT: GAS METER LOCATIONS  
DATE: AUGUST 6, 1992

**Please notify the proper pipeline company or the owner/operator of a gas meter before performing any remedial work that would require moving or disturbing a meter installation.**

dr/

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

September 22, 1992

LOSEE, CARSON, HAAS & CARROLL  
Attorneys at Law  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239

RE: CASE NO. 10519  
ORDER NO. R-9731

Dear Sir:

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

Sincerely,

A handwritten signature in cursive script that reads "Florene".

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad  
T. Kellahin