

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P.O. BOX 1933

ONE SUNWEST CENTRE

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ROSWELL, NEW MEXICO 88202-1933

December 21, 1988

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 9581

Attention: William J. LeMay, Director

Re: Lovington "17" State #2
T-16S, R-37E, N.M.P.M.
Sec. 17: S/2 NW/4, NW/4 NW/4
Lea County, New Mexico
Application for Unorthodox
Well Location

Gentlemen:

Pursuant to Rule 104-F, Harvey E. Yates Company (HEYCO) requests approval of an unorthodox oil well location 1980' FNL and 1370' FWL of Section 17, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico. This well is unorthodox for the Lovington Penn Northeast Pool, Lea County. The S/2 NW/4 of Section 17 will be dedicated to the well. A plat showing all offset leases and Form C-102 showing the 80 acres to be dedicated to the subject well are attached.

HEYCO respectfully requests that this proposal be placed on the docket for the January 18, 1989 hearing before the Oil Conservation Division.

Very truly yours,

Robert H. Bell
Landman

RHB/dlm
Enclosures

lov17ocd/LL

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

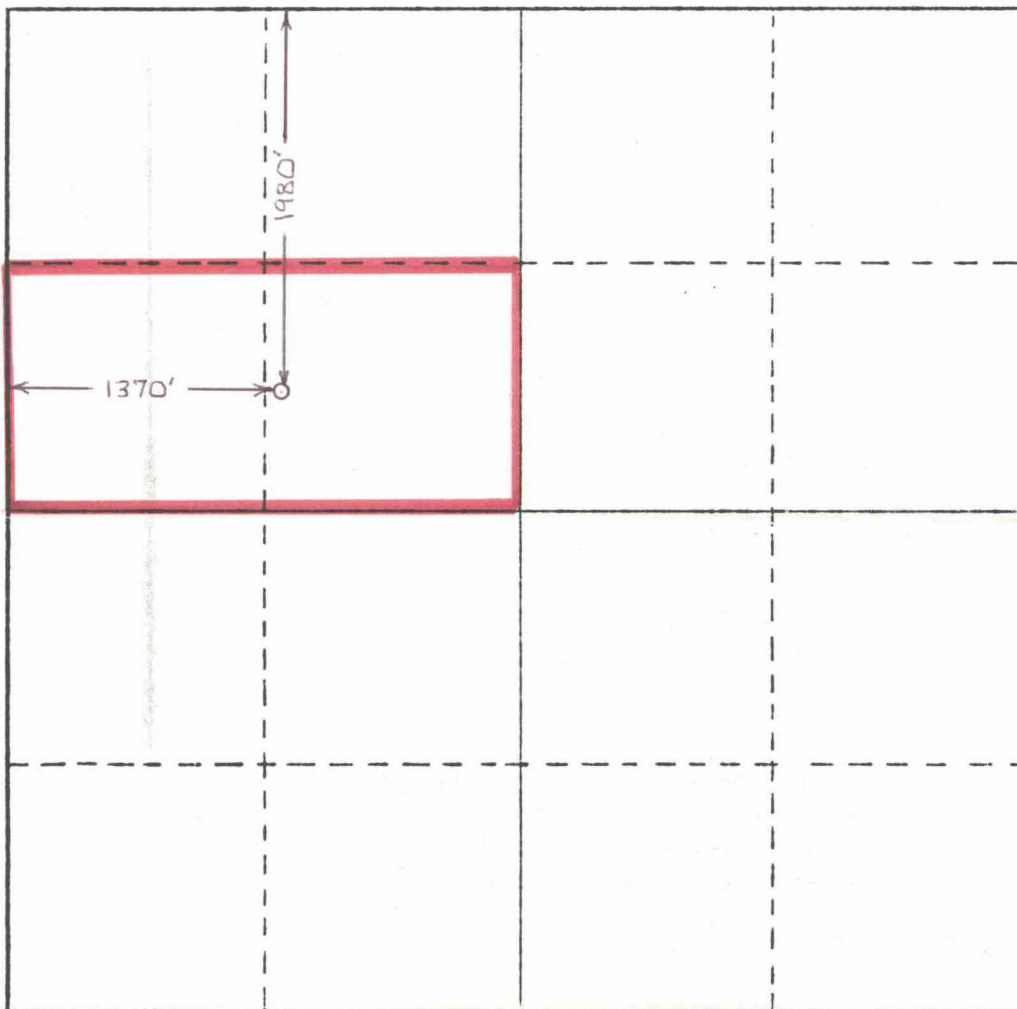
Operator Harvey E. Yates Company			Lease East Lovington 17 State		Well No. #2
Unit Letter F	Section 17	Township 16S	Range 37E	County Lea	
Actual Footage Location of Well: 1980 feet from the North line and 1370 feet from the West line					
Ground Level Elev. + 3823 GL	Producing Formation Strawn		Pool N.E. Lovington Penn		Dedicated Acreage: 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

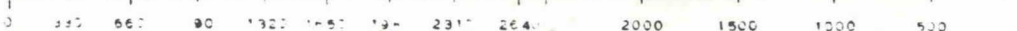
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name N.M. Young
 Position Drilling Superintendent
 Company Harvey E. Yates Co.
 Date December 21, 1988

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____
 Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____



[illegible]

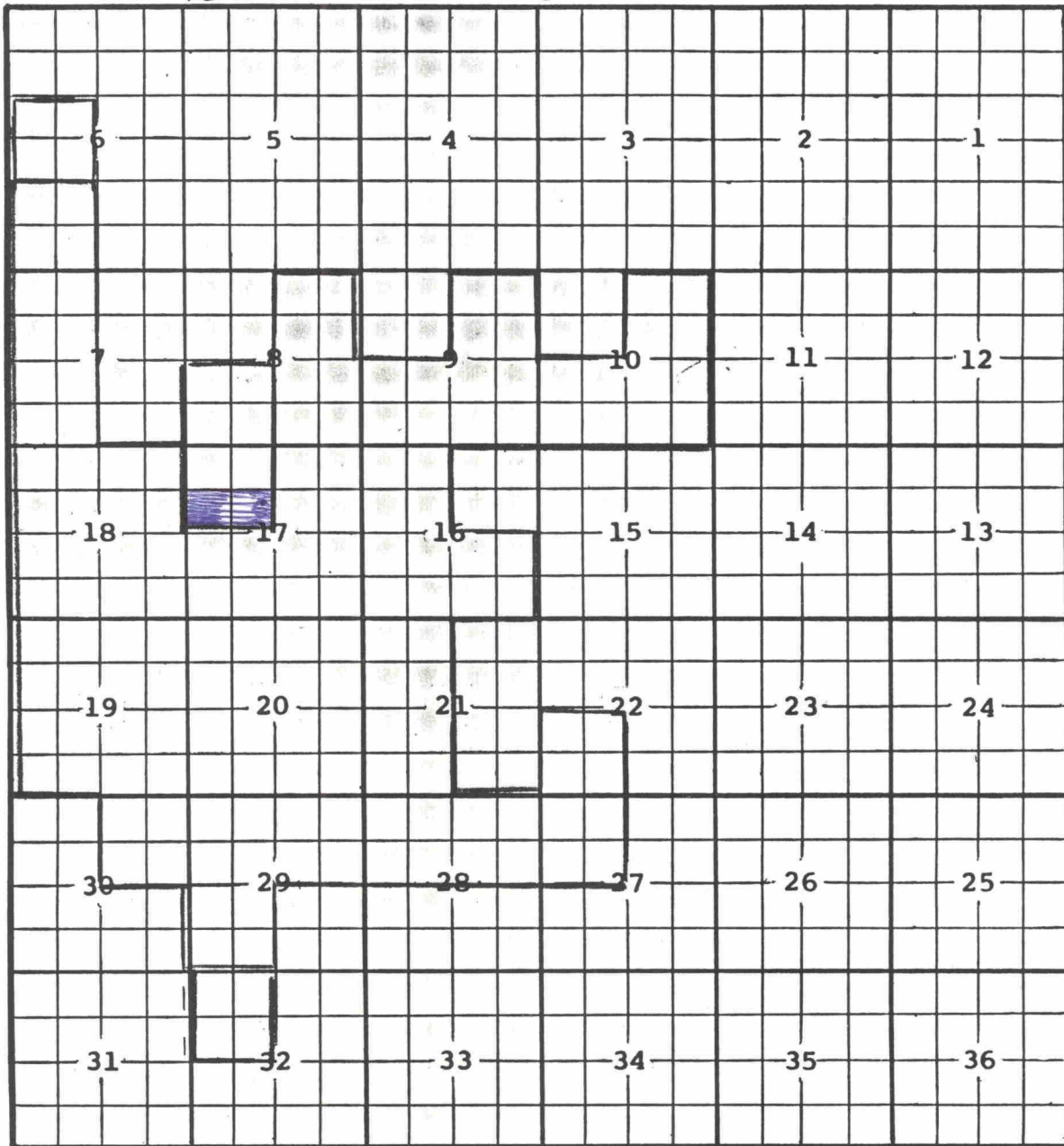
COUNTY LEA

POOL NORTHEAST LOVINGTON - PENNSYLVANIAN

TOWNSHIP 16S

RANGE 37E

NMPM



DESC: SW $\frac{1}{4}$ SEC 16; SE $\frac{1}{4}$ SEC 17; SE $\frac{1}{4}$ SEC 18; ALL SEC 19; NE $\frac{1}{4}$ & S $\frac{1}{2}$ SEC 20;
 NW $\frac{1}{4}$ SEC 21 (R-3816, 8/1/69, EFFEC: 9/1/69) EXT: NE $\frac{1}{4}$ SEC 18 (R-6328, 5/1/80)
 EXT: NW $\frac{1}{4}$ SEC 29 (R-6536, 12/1/80) EXT: W $\frac{1}{2}$ SEC 18 (R-6724, 7/16/81)
 EXT: SW $\frac{1}{4}$ SEC 7 (R-6923, 3/9/82) EXT: NW $\frac{1}{4}$ SEC 20 (R-7076, 9/27/82)
 EXT: SE $\frac{1}{4}$ SEC 8, NE $\frac{1}{4}$ SEC 17 (R-7322, 8/1/83) EXT: NE $\frac{1}{4}$ SEC 30 (R-7351, 9/19/83)
 EXT: SW $\frac{1}{4}$ SEC 21 (R-7607, 7/27/84) EXT: NW $\frac{1}{4}$ SEC 28 (R-7800, 1/31/85)
 EXT: S $\frac{1}{2}$, NE $\frac{1}{4}$ SEC 9 (R-7858, 3/28/88) EXT: NE $\frac{1}{4}$ SEC 28 (R-7959, 6/12/85)
 EXT: NE $\frac{1}{4}$ SEC 8, S $\frac{1}{2}$ SEC 10 (R-8193, 3/21/86) EXT: SW $\frac{1}{4}$ SEC 17, NE $\frac{1}{4}$ SEC 29 (R-8214, 5/1/86)
 EXT: SW $\frac{1}{4}$ SEC 6, NW $\frac{1}{4}$ SEC 7 (R-8388, 1/14/87) EXT: SE $\frac{1}{4}$ SEC 16 (R-8409, 3/7/87)
 EXT: NW $\frac{1}{4}$ SEC 16, SW $\frac{1}{4}$ SEC 29 (R-8584, 1/11/88) EXT: NE $\frac{1}{4}$ SEC 10 (R-8603, 2/19/88)
 EXT: SW $\frac{1}{4}$ SEC 8, NW $\frac{1}{4}$ SEC 17, NW $\frac{1}{4}$ SEC 32 (R-8826, 12-22-88)

(PRAIRIE, SOUTH-CISCO AND ALLISON, MIDDLE-PENNSYLVANIAN (ORDER NO. R-3806) POOLS - Cont'd.)

(4) That the NW/4 of said Section 28 should not be deleted from the South Prairie-Cisco Pool.

(5) That the Middle Allison-Pennsylvanian Pool should be extended to include all of said Section 29, the SE/4 of said Section 30, and the N/2 of said Section 32.

(6) That the deletion and extensions as described in Findings (3) and (5) above will not violate correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the South Prairie-Cisco Pool, Roosevelt County, New Mexico, are hereby contracted by the deletion therefrom of the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 29: NE/4

(2) That the horizontal limits of the Middle Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, are hereby extended to include therein the following-described area:

ROOSEVELT COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 29: All
Section 30: SE/4
Section 32: N/2

(3) That the location of any well which, by virtue of this extension, is presently drilling to or completed in the Middle Allison-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof is hereby approved; that the operator of any such well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 15, 1969.

(4) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of this extension, is subject to the Middle Allison-Pennsylvanian Pool rules providing for 160-acre spacing or proration units, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating 160 acres to said well or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

NORTHEAST LOVINGTON-PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-3816, Creating and Adopting Temporary Operating Rules for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, September 1, 1969.

Order No. R-3816-A, August 21, 1970, makes permanent the rules adopted in Order R-3816.

Application of Pennzoil United, Inc., for Special Pool Rules, Lea County, New Mexico.

CASE NO. 4172
Order No. 3816

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on August 6, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of August, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil United, Inc., seeks the promulgation of special rules and regulations for the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units.

(3) That the reservoir information presently available indicates that the horizontal limits of the East Lovington-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply.

(4) That the horizontal limits of the East Lovington-Pennsylvanian Pool should, in order to prevent waste and protect correlative rights, be contracted by deleting the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4
Section 17: SE/4
Section 18: SE/4
Section 19: All
Section 20: NE/4 and S/2
Section 21: NW/4
Section 29: All
Section 31: N/2 N/2, SW/4 NW/4, SW/4,
and W/2 SE/4
Section 32: N/2 and N/2 S/2
Section 33: N/2 SW/4 and SE/4 SW/4

(LOVINGTON, NORTHEAST-PENNSYLVANIAN POOL - Cont'd.)

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 4: NE/4, E/2 NW/4, and SW/4 NW/4

Section 5: S/2 N/2

(5) That in order to prevent waste and protect correlative rights, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production should be created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: SE/4

Section 19: All

Section 20: NE/4 and S/2

Section 21: NW/4

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Northeast Lovington-Pennsylvanian Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That, effective September 1, 1969, the horizontal limits of the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: SE/4

Section 19: All

Section 20: NE/4 and S/2

Section 21: NW/4

Section 29: All

Section 31: N/2 N/2, SW/4 NW/4, SW/4, and W/2 SE/4

Section 32: N/2 and N/2 S/2

Section 33: N/2 SW/4 and SE/4 SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 4: NE/4, E/2 NW/4, and SW/4 NW/4

Section 5: S/2 N/2

(2) That, effective September 1, 1969, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 18: SE/4

Section 19: All

Section 20: NE/4 and S/2

Section 21: NW/4

(3) That effective September 1, 1969, temporary Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
NORTHEAST LOVINGTON-PENNSYLVANIAN POOL**

RULE 1. Each well completed or recompleted in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the

(LOVINGTON, NORTHEAST-PENNSYLVANIAN POOL -
Cont'd.)

proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed locating or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before September 1, 1969.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Northeast Lovington-Pennsylvanian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool may appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

WEIR-DRINKARD POOL
(Gas-Oil Ratio)
Lea County, New Mexico

Order No. R-4803, Adopting a Gas-Oil Ratio Rule for the Weir-Drinkard Pool, Lea County, New Mexico, July 1, 1974.

Application of Continental Oil Company for a Special Gas-Oil Ratio Limitation, Lea County, New Mexico.

CASE NO. 5243
Order No. R-4803

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 22, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of June, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks, as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil in the Weir-Drinkard Pool, Lea County, New Mexico.

(3) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

(4) That in order to afford to the owner of each property in the Weir-Drinkard Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the pool.

IT IS THEREFORE ORDERED:

(1) That effective July 1, 1974, the limiting gas-oil ratio in the Weir-Drinkard Pool, Lea County, New Mexico, shall be 10,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective July 1, 1974, each proration unit in the Weir-Drinkard Pool shall produce only that volume of gas equivalent to 10,000 multiplied by the top unit allowable for the pool.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.