

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. 9329
Order No. R-8623

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 29th day of March, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Witz "VN" State Well No. 2 to be located 660 feet from the North and East lines (Unit A) of Section 26, Township 9 South, Range 26 East, NMPM, to test all formations and/or pools developed on 320-acre gas spacing from the base of the Abo formation to the base of the Montoya formation, Undesignated Foor Ranch-Wolfcamp Gas Pool and Undesignated Foor Ranch Pre-Permian Gas Pool, Chaves County, New Mexico.

(3) The applicant proposes to dedicate a standard 320-acre gas spacing and proration unit consisting of the N/2 of said Section 26 to the proposed well.

(4) The applicant presented geologic evidence which indicates that a well drilled at the proposed location would penetrate the Ordovician system at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining a commercial producing well.

(5) The applicant is the operator of the affected offset acreage to the East.

(6) No other affected offset operator appeared and objected to the proposed unorthodox location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool(s), will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Witz "VN" State Well No. 2 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 26, Township 9 South, Range 26 East, NMPM, to test all formations and/or pools developed on 320-acre spacing from the base of the Abo formation to the base of the Montoya formation, Undesignated Foor Ranch-Wolfcamp Gas Pool and Undesignated Foor Ranch Pre-Permian Gas Pool, Chaves County, New Mexico.

(2) The N/2 of said Section 26 shall be dedicated to the above described well.

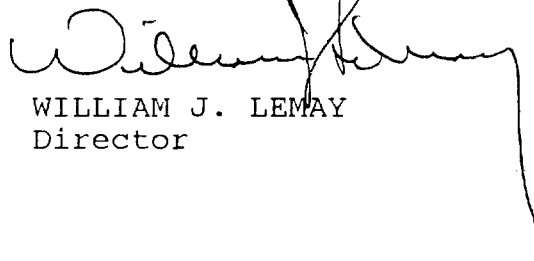
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 9329
Order No. R-8623
Page -3-

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director