

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. 9431  
ORDER NO. R-8624-A

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR DIRECTIONAL DRILLING  
AND UNORTHODOX GAS WELL LOCATIONS,  
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of August, 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, is the operator of the following lands in Eddy County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 12: S/2 SW/4  
Section 13: W/2

(3) By Division Order No. R-8624, issued in Case No. 9330 and dated March 29, 1988, the applicant received authorization for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 13, Township 20 South, Range 29 East, NMPM, to test the Pennsylvanian formation, Undesignated East Burton Flat-Strawn Gas Pool, and the Undesignated East Getty-Morrow Gas Pool, Eddy County, New Mexico.

(4) Subsequent to said Order No. R-8624, applicant learned that the Federal lease covering the NW/4 of said Section 13 contains a special stipulation that prohibited surface occupation because of potash deposits therein.

(5) Therefore, the applicant now seeks to amend said Order No. R-8624 and proposes to directionally drill its Eland "AFC" Federal Com Well No. 1 from a surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 12, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, wherein the applicant proposes to deviate said wellbore to penetrate the Undesignated East Burton Flat-Strawn Gas Pool within 100 feet of the location previously approved by said Order No. R-8624, being 660 feet from the North and West lines (Unit D) of Section 13, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant proposes to bottom said well at the base of the Undesignated Getty-Morrow Gas Pool within 100 feet of a point located 991 feet from the North line and 329 feet from the West line (Unit D) of said Section 13.

(6) Both zones are to be dedicated to the W/2 of said Section 13 forming a standard 320-acre gas spacing and proration unit.

(7) The geological evidence presented at the original hearing for said Case No. 9330 indicates that the above-described unorthodox gas well locations for both the Strawn and Morrow formations will better enable applicant to produce the gas underlying the subject proration units.

(8) No offset operator objected to this application.

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

(10) Subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey should be made of the wellbore from total depth to the surface.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to directionally drill its Eland "AFC" Federal Com No. 1 from a surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 12, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, wherein the applicant proposes to deviate said well to within 100 feet of the following targeted locations, both of which are unorthodox:

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1. In the Undesignated East Burton Flat-Strawn Gas Pool - 660 feet from the North and West lines (Unit D) of Section 13, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico; and
2. In the Undesignated Getty-Morrow Gas Pool - 991 feet from the North line and 329 feet from the West line (Unit D) of said Section 13.

PROVIDED HOWEVER THAT, subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional drilling survey shall be made of the wellbore from total depth to the surface with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P.O. Box 2088, Santa Fe, New Mexico 87504-2088, and the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

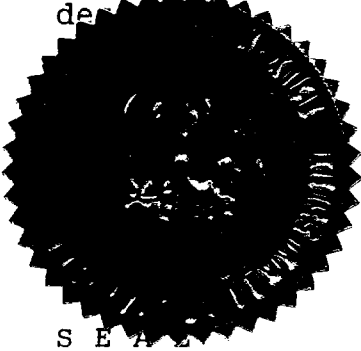
(2) Both zones are to be dedicated to the W/2 of said Section 13 forming a standard 320-acre gas spacing and proration unit.

(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

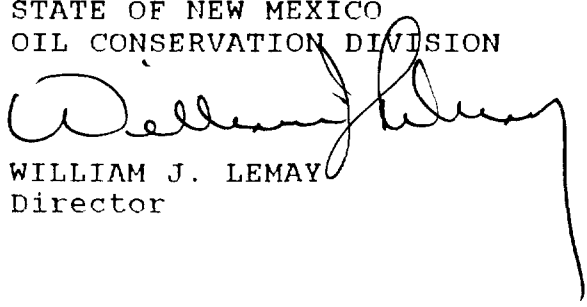
(4) Division Order No. R-8624, dated March 29, 1988, is hereby held in abeyance until further notice.

(5) Jurisdiction of this cause is 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  
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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

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