

CASE NO.

63/7

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
13 September 1978

EXAMINER HEARING

IN THE MATTER OF:)
)
)
Application of Harvey E. Yates Company)
for an unorthodox gas well location)
and a non-standard proration unit,)
Eddy County, New Mexico.)

CASE
6317

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

I N D E X

ANDREW LATTU

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MR. STAMETS: Call next case 6317.

MS. TESCHENDORF: Case 6317. Application of Harvey E. Yates Company for an unorthodox gas well location, and a non-standard proration unit, Eddy County, New Mexico.

MR. STRAND: Mr. Examiner, my name is Robert Strand and I represent Harvey Yates Company in this case. We have one witness, Mr. Andrew Lattu who needs to be sworn.

(Witness sworn.)

ANDREW LATTU

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. STRAND:

Q State your name, please.

A Andrew Lattu.

Q Mr. Lattu, what is your occupation?

A I'm a geologist with Harvey E. Yates Company.

I work in Midland.

Q Have you testified before this Commission previously?

A Yes, I have.

Q Are your qualifications a matter of record before

the Commission?

A. Yes, they are.

MR. STRAND: Does the Commission require any further qualification?

MR. STAMETS: The witness is considered qualified.

Q Mr. Lattu, would you state the purpose of the application in Case Number 6317?

A Okay, the purpose of this application is to drill a No. 4 Travis Deep Unit Well, approximately 11,350 foot deep test, to test the Morrow Sands, the location to be 1980 feet from the north and 660 feet from the east line of Section 18, Township 18 South, Range 29 East, in Eddy County, New Mexico.

This is in the Travis Deep working interest unit.

Q Mr. Lattu, will this test be for the Morrow formation?

A Yes, it will.

Q Do we propose to dedicate the north half of Section 18 to that well?

A Yes, we do.

Q And is the acreage of that north half of Section 18 301.75 acres?

A Yes, it is.

Q Mr. Lattu, have you prepared certain exhibits for presentation to the Examiner in this matter?

A Yes, I have.

Q Referring to Exhibit Number One, would you please describe this?

A Exhibit Number One is a land plat which shows the proposed location indicated by both the red filled in circle and an arrow, and it shows the relationship of the proposed test to surrounding acreage.

Q Referring to Exhibit Two, would you please explain that?

A This is a structural map contoured on the top of the Lower Morrow. It shows the proposed location to be located in a syncline which trends north to slightly northwest on up through the north portion of the Travis Deep Unit and into the South Empire Deep Unit.

Q Would you please explain Exhibit Three?

A Exhibit Three is an Isopach of the Lower Morrow C-4 Sand. This is an individual sand body located in the Lower Morrow section. It is also approximately -- trends and is best developed along this syncline, as described in Exhibit Number Two.

Q Will you please explain Exhibit Number Four?

A Exhibit Four is a cross section showing from the

No. 1 Travis Deep, located in Section 18, up to the No. 1 Bassett Birney, and into the South Empire Deep No. 16.

MR. STAMETS: Have you got a -- okay, I see it.

A. There's a little plat located at the bottom of the cross section.

MR. STAMETS: Thank you.

A. This shows the development of the C-4 sand across this area, why I believe the C-4 sand will be well developed in the east half of Section 18.

MR. STRAND: Mr. Examiner, we would move the admission of Exhibits One through Four?

MR. STAMETS: These exhibits will be admitted.

Q (Mr. Strand continuing.) Mr. Lattu, in your opinion will the granting of this application afford the Harvey E. Yates Company the opportunity to recover its just and equitable share of gas?

A. Yes, it will.

Q Is it further your opinion that the granting of the application will prevent the unnecessary risk and expense of drilling a well in what you consider an undesirable location?

A. Yes, it will.

Q And is it also your opinion that granting of the

application will prevent waste and adequately protect correlative rights?

A Yes, it will.

MR. STRAND: Mr. Examiner, do you have any questions?

MR. STAMETS: Yes.

CROSS EXAMINATION

BY MR. STAMETS:

Q Yes. Mr. Lattu, would you, on Exhibit Number Four, you show three producing wells and one dry hole.

Are each of those producing wells producing from the C-4 Sand?

A No, only two of them are. That would be Wells Nos. 2 and 3 on the cross section. I've got a little box shown of the approximate zone of perforations in the C-4 Sand.

The C-4 Sand was tight in the No. 1 Travis Deep Unit, which is the first well on the cross section, and wasn't tested in the Depco Well, but does appear tight on all of us.

Q What's the No. 1 Well producing from?

A It's producing from what's -- I call the B-4 Sand. It's a very thin sand that's up the hole, oh, approximately 100 feet from the C-4 Sand.

Q It looks like a rather good zone.

A It completed for a good --

Q Now, I presume the south half of the section is dedicated to the well in the south half of Section 18?

A Yes, that's the No. 1 Travis Deep.

Q And essentially what's the necessity for the non-standard proration unit?

A To try and penetrate this C-4 Sand where it will be best developed and --

Q Not the location, the proration unit, the 301-acres?

A Oh. Well, that's all the acres that are in the north half of the section.

Q It's just a deviation in the standard surveys?

A Yes. Well, it's where they tie them by the lots.

MR. STAMETS: Any other questions of the witness?
He may be excused.

Anything further in this case?

MR. STRAND: No, sir.

MR. STAMETS: We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6317 heard by me on 9-13 1978.
Richard L. Shaw, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6317
Order No. R-5808

APPLICATION OF HARVEY E. YATES
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION AND A NON-STANDARD
PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of September, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, NMPM, to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 660 feet from the East line of said Section 18.

(3) That the proposed non-standard proration unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

-2-

Case No. 6317
Order No. R-5808

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the South Empire-Morrow Gas Pool, 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:

(1) That a 301.75-acre non-standard gas proration unit in the South Empire-Morrow Gas Pool comprising the N/2 of Section 18, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox location, hereby approved, 1980 feet from the North line and 660 feet from the East line of said Section 18.

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

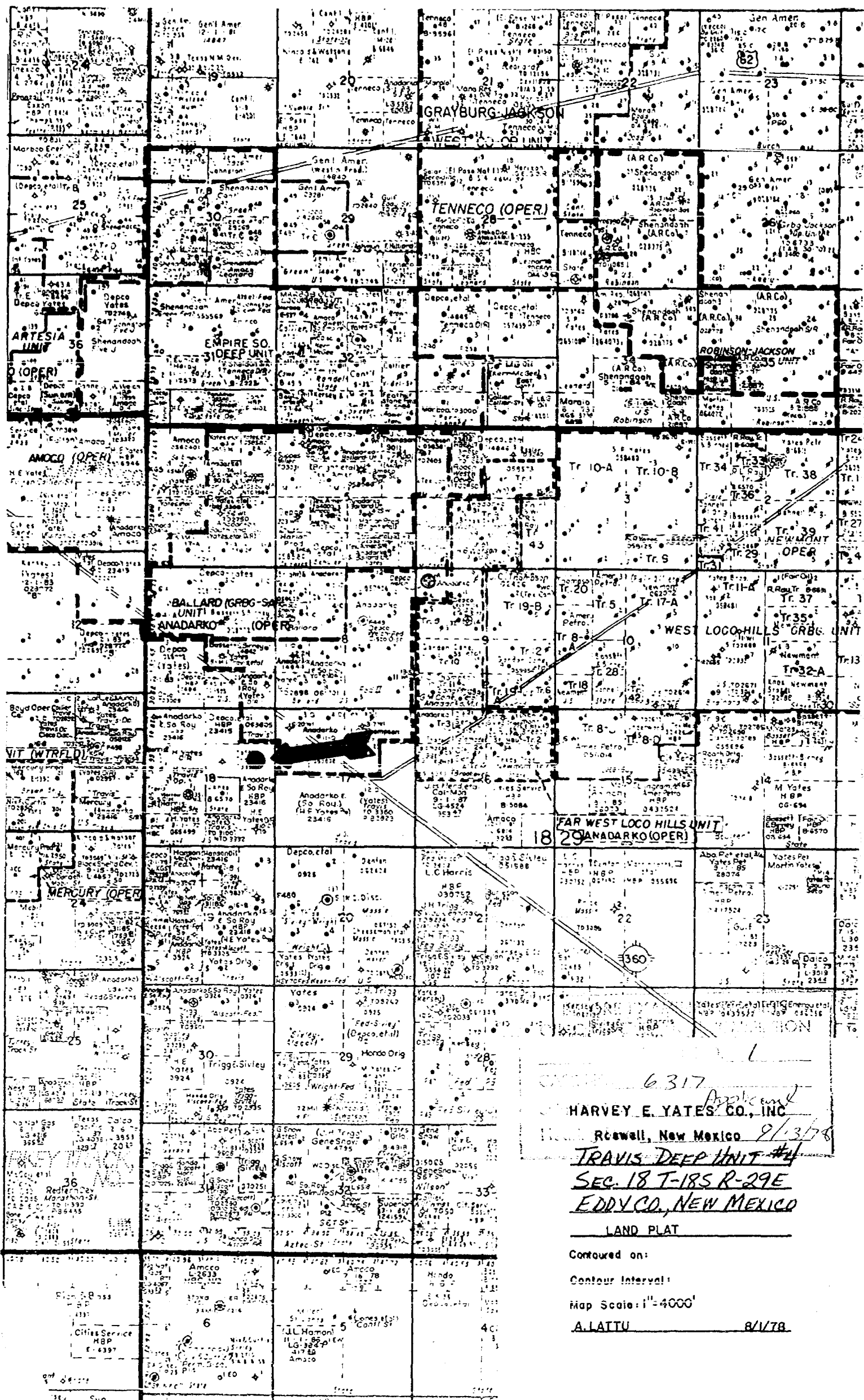
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

dr/



HARVEY E. YATES CO., INC.

Roswell, New Mexico

TRAVIS DEEP UNIT #1
SEC. 18 T-18S R-29E
EDDY CO., NEW MEXICO

LAND PLAT

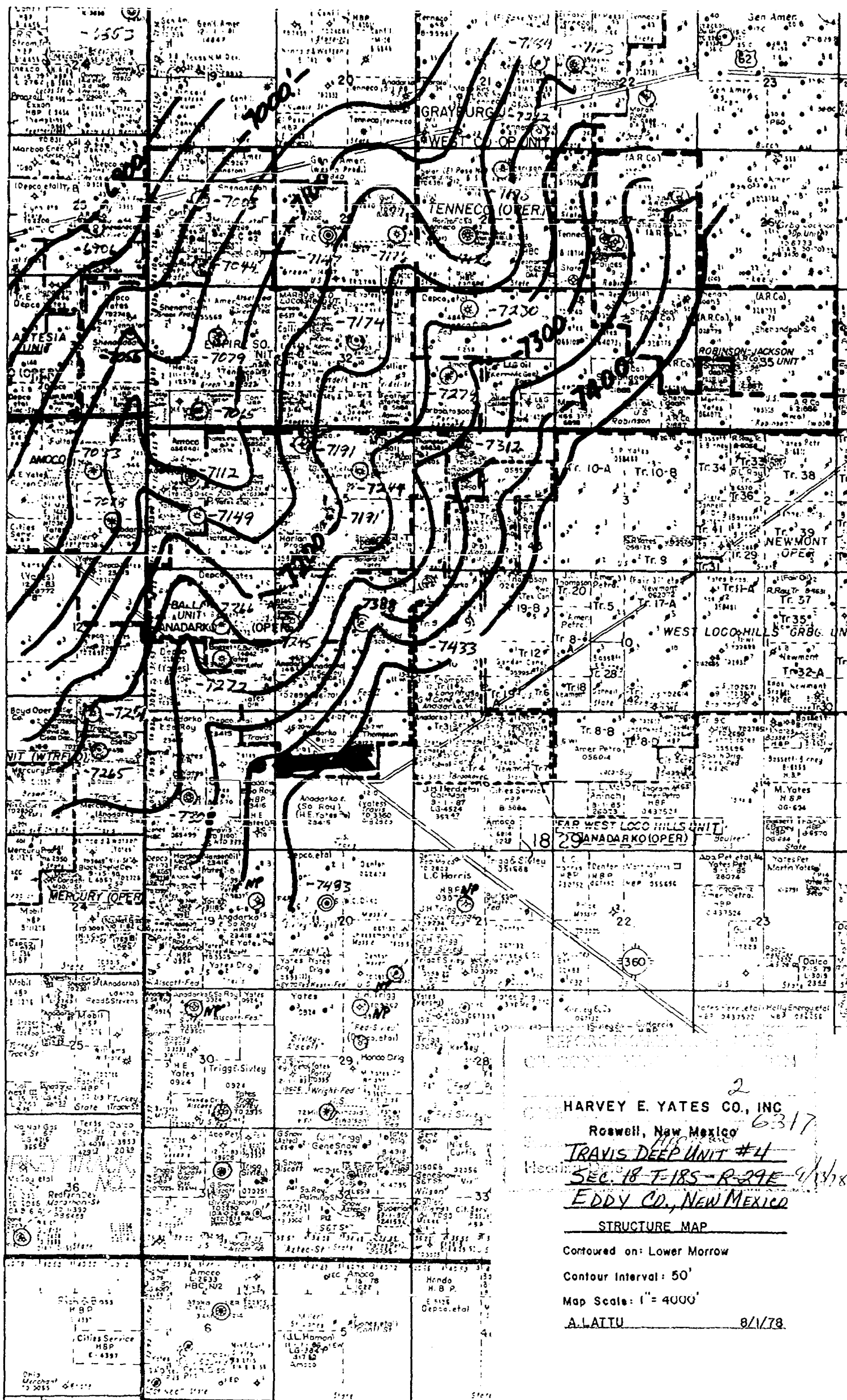
Contoured on:

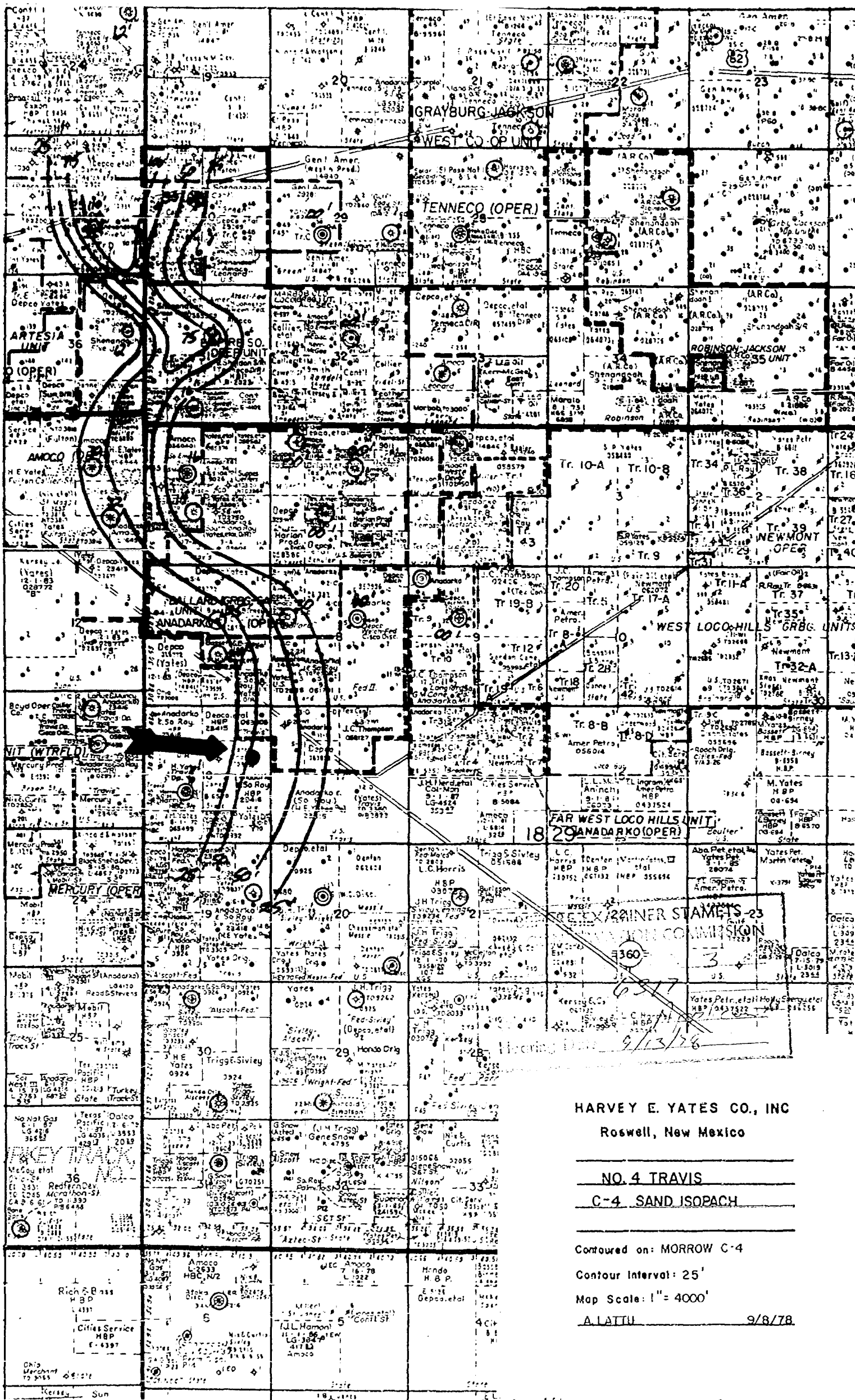
Contour Interval:

Map Scale: 1" = 4000'

A. LATTU

8/1/78





HARVEY E. YATES CO., INC
Roswell, New Mexico

NO. 4 TRAVIS

C-4 SAND ISOPACH

Contoured on: MORROW C-4

Contour Interval: 25'

Map Scale: 1" = 4000'

A. LATTU 9/8/78

Dockets Nos. 31-78 and 32-78 are tentatively set for hearing on September 27 and October 11, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - SEPTEMBER 11, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6289: (Continued from August 23, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6146: (DE NOVO)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6328: Application of Maralo, Inc., for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Jalmat Yates Unit underlying the following described lands in Township 25 South, Range 36 East:

Section 12: SE/4
Section 13: NE/4

and the following described lands in Township 25 South, Range 37 East:

Section 18: NW/4 and N/2 SW/4

all in Lea County, New Mexico.

The unitized interval would be all formations or zones extending from the top of the Yates formation down to 100 feet below the base of the Queen formation in the Humble-Winters "A" Well No. 2 located in Unit C of Section 18, Township 25 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 6313: Application of Maralo, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jalmat Yates Unit Area, Lea County, New Mexico, by the injection of water into various wells located in Township 25 South, Ranges 36 and 37 East.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6314: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6315: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6316: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6290: (Continued from August 16, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6307: (Continued from August 30, 1978, Examiner Hearing)

Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Abo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico. (This case will be dismissed.)

CASE 6317: Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.

CASE 6318: Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GOR limit for the Wantz-Granite Wash Pool.

CASE 6319: Application of Belco Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6320: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6283: (Continued from August 2, 1978, Examiner Hearing)

Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6322: Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lucas Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6324: Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon GJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325: Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5;
Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4;
Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6;
Well No. 124 located 1925 feet from the South line and 2380 feet from the East line of Section 4;
Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10;
Well No. 122 located 1726 feet from the North line and 167 feet from the East line of Section 4;
and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of Section 4 and Unit E of Section 3, respectively.

CASE 6326: Application of Energy Reserves Group, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6327: Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. L. Isabell Well No. 5-Y located 340 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section 15 to be dedicated to the well.

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

RECEIVED
AUG 21 1978

Oil Conservation Commission

IN THE MATTER OF THE APPLICATION OF
HARVEY E. YATES COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
AND NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO

CASE NO. 6317

APPLICATION

COMES NOW HARVEY E. YATES COMPANY by its attorney
and respectfully states:

1. Applicant is the operator of the Travis Deep
Unit which includes the Morrow formation underlying:

Township 18 South, Range 29 East, N.M.P.M.

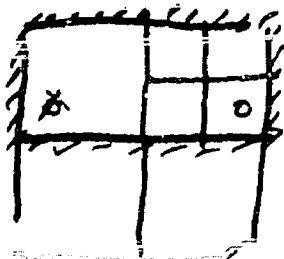
Section 18: Lots 1 & 2, E/2 NW/4, NE/4
containing 301.75 acres, more or less

2. Applicant proposes to drill its Travis Deep
Unit #4 Well at a location 1980 feet from the north line and
660 feet from the east line of said Section 18 to a depth
sufficient to adequately test the Morrow formation which is
reasonably expected to be productive of gas.

3. Applicant seeks an exception to the well
location and acreage requirements of Rule 104-C.2(a) of the
Oil Conservation Division to drill said well to the Morrow
formation at the above described unorthodox location.

4. A non-standard 301.75 acre gas proration unit
comprising the above described lands should be dedicated to
such well.

5. The approval of this application will afford
applicant the opportunity to produce its just and equitable
share of gas, will prevent economic loss caused by 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.



WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B That upon hearing, the Division enter its order granting applicant permission to drill said well at a location 1980 feet from the north line and 660 feet from the east line of said Section 18 and to dedicate the N/2 of Section 18, containing 301.75 acres, to said well.

C. For such further relief as the Division deems just and proper.

HARVEY E. YATES COMPANY

By: 
Robert H. Strand

P. O. Box 1933
Roswell, New Mexico 88201

Attorney for Applicant

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6317

Order No. R- 5808

APPLICATION OF HARVEY E. YATES COMPANY
AN UNORTHODOX GAS WELL LOCATION AND A
FOR A NON-STANDARD PRORATION UNIT,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of September, 19 78, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Harvey E. Yates Company
seeks approval of a 301.75-acre non-standard gas proration unit
comprising the N/2 of Section 18, Town-
ship 18 South, Range 29 East, NMPM, to be dedicated to
a well to be drilled at an unorthodox location from the East line
~~xxx~~ 1980 feet from the North line and 660 feet/xxx located xxx
~~Unit~~ of said Section 18.

(3) *That the proposed non-standard proration unit
is necessitated by a variation in the legal subdivision
of the U.S. Public Land Surveys.*
~~a separate well.~~

(4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the South Empire-Morrow Gas Pool, 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:

(1) That a 301.75 -acre non-standard gas proration unit in the South Empire-Morrow Gas Pool comprising the N/2 of Section 18, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to ~~the~~ a well to be drilled at an ~~unorthodox~~ location 1980 feet from the North line and 660 feet from the East line ~~located in~~ ~~the~~ ~~unit~~ of said Section 18.

hereby approved
unorthodox
and

(2) That 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 designated.

PHONE (805) 623-6601

HEYCO



HARVEY E. YATES COMPANY, INC.

PETROLEUM PRODUCERS

SUITE 1000 SECURITY NATIONAL BANK BUILDING

ROSWELL, NEW MEXICO 88201

Mailing Address: P. O. Box 1933

August 18, 1978

Mr. Joe E. Ramey, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed please find an original and two copies
of an Application for Unorthodox Location and Non-
standard Proration Unit for filing with the Division.

We ask that this case be set for the examiner
hearing scheduled on September 13, 1978, and that we
receive a docket of such hearing.

Sincerely,

Robert H. Strand
Robert H. Strand

RHS/jr
Enclosures

RECEIVED

AUG 21 1978

Oil Conservation Commission