

CASE 7123: YATES PETROLEUM CORPORATION  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

CASE NO.

7/23

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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. 7123  
Order No. R-6567

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of January, 1981, 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, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Federal "AB" Well No. 7 to be drilled 1980 feet from the North line and 660 feet from the West line of Section 9, Township 10 South, Range 25 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.

(3) That the N/2 of said Section 9 is to be dedicated to the 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.

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Case No. 7123  
Order No. R-6567

(6) That 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, 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:

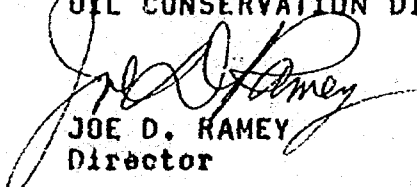
(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Yates Petroleum Corporation's Federal "AB" Well No. 7 to be located at a point 1980 feet from the North line and 660 feet from the West line of Section 9, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) That the N/2 of said Section 9 shall be dedicated to the above-described well.

(3) 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  
Director

S E A L

rd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-  
poration for an unorthodox gas well  
location, Eddy County, New Mexico.

CASE  
7123

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq.  
LOSEE, CARSON, & DICKERSON  
Artesia, New Mexico

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I N D E X

RAY BECK

Direct Examination by Mr. Dickerson

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Isopach

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Applicant Exhibit Three, Cross Section

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MR. STAMETS: We'll call next Case 7123.

MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. DICKERSON: Mr. Examiner, my name is Chad Dickerson of Artesia, for the applicant.

We have one witness.

(Witness sworn.)

RAY BECK

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

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Will you state your name, your occupation, and where you reside, please?

A. Ray Beck, geologist, Artesia, New Mexico.

Q Mr. Beck, have you previously testified as a geologist before this commission?

A. Yes, I have.

MR. DICKERSON: Is the witness qualified, Mr. Examiner?

MR. STAMETS: He is.

Q. Mr. Beck, would you briefly describe what Yates seeks in this proceeding?

A. Case y123, Yates Petroleum Corporation seeks approval of an unorthodox Morrow gas well location of its proposed Federal "AB" No. 7, to be drilled 1980 feet from the north line and 660 feet from the west line of Section 9, Township 13 South, Range 25 East, Eddy County, the north half to be dedicated to the well.

Q. Mr. Beck, would you refer to what has been marked Exhibit One and describe what it shows, please?

A. Exhibit Number One is a land plat showing the proposed location and its relationship to the surrounding leasehold situation. Yellow denotes acreage in which Yates has an interest. The red outline shows the subject proration unit.

Q. Refer to Exhibit Number Two and describe what it shows, Mr. Beck.

A. Exhibit Number Two is a combined Iso-pach and structural map. The solid contours show the varying thickness of the Morrow Clastics and the dashed contours show the structural attitude on the top of the Morrow Clastics.

The Yates No. 4 -- the Yates No. 1 4-Dinkus "GV" Well, a dry hole in the south half of Section



16, encountered a 60-foot thick Morrow -- Middle Morrow sand channel that yielded water on drill stem test.

Somewhat more than a year later Amoco drilled their No. 1 Yates Federal B, a dry hole, about one mile north of the 4-Dinkus "GV" without encountering the channel.

In addition, none of the other wells in the area have encountered the channel found in the 4-Dinkus "GV" Well.

The Yates Federal "AB" No. 2 in the south half of Section 5, colored red, and the Yates Federal "CZ" in the north half of Section 8, also colored red, produced gas from Upper Morrow sands.

The Morrow Clastics thick, running from the southeast quarter of Section 16 through the northwest quarter of Section 9, could indicate the north-northwesterly trending 4-Dinkus "CV" channel. Therefore the proposed non-standard location in Unit E of Section 9 would be more likely to encounter the 4-Dinkus "GV" channel than any other location in the north half of Section 9, and if found, the channel would be some 180 feet high to the water wet end of the channel in Section 16.

Q Mr. Beck, turn to Exhibit Number Three and describe what it shows.

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A. Exhibit Number Three is a west-to-east cross section showing the pertinent correlations, the wet 60-foot channel sand of the Middle Morrow and the Yates No. 1 4-Dinkus "GV", and the thickness of the Morrow Clastics next to the Yates No. 1 4-Dinkus "GV".

Q. Mr. Beck, does Yates Petroleum Corporation have some type of time problem in drilling this proposed well?

A. Yes. The northwest -- northeast quarter of Section 9 is expiring February the 22nd of 1981.

Q. And Yates must be drilling by that date?

A. Yes.

Q. And you request the Commission, if it approves your application in this proceeding, to expedite the issuance of its order?

A. We would appreciate expedition.

Q. Mr. Beck, were Exhibits One, Two, and Three prepared by you or under your direction?

A. Yes.

Q. In your opinion would the granting of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, it would be.

MR. DICKERSON: Mr. Examiner, I move

1  
2 admission of One, Two, and Three, and that concludes our  
3 case.

4 MR. STAMETS: These exhibits will be  
5 admitted.

6 Are there any questions of the witness?  
7 He may be excused.

8 Anything further in this case?

9 The case will be taken under advisement.

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11 (Hearing concluded.)  
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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-R  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the foregoing in an Examiner hearing of proceedings in the Oil Conservation Division, No. 7123, held by me on 12/23/81.  
Richard P. Lunn, Examiner  
Oil Conservation Division, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-  
poration for an unorthodox gas well  
location, Eddy County, New Mexico.

CASE  
7123

BEFORE: Richard L. Stamets

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A P P E A R A N C E S

For the Oil Conservation  
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Legal Counsel to the Division  
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LOSEE, CARSON, & DICKERSON  
Artesia, New Mexico

# INDEX

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Applicant Exhibit Three, Cross Section

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2 A. Exhibit Number Three is a west-to-east  
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is  
a complete and correct transcript of the proceedings in  
the Ex. \_\_\_\_\_  
heard by \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

  
BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

January 23, 1981

Re: CASE NO. 7123  
ORDER NO. R-6567

Mr. Chad Dickerson  
Losee, Carson & Dickerson  
Attorneys at Law  
Post Office Drawer 239  
Artesia, New Mexico 88210

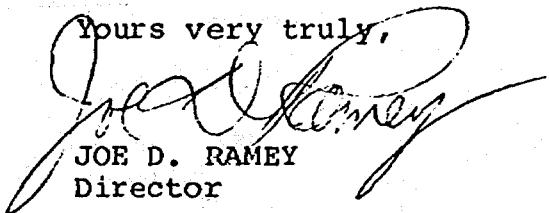
Applicant:

~~Yates Petroleum Corporation~~

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

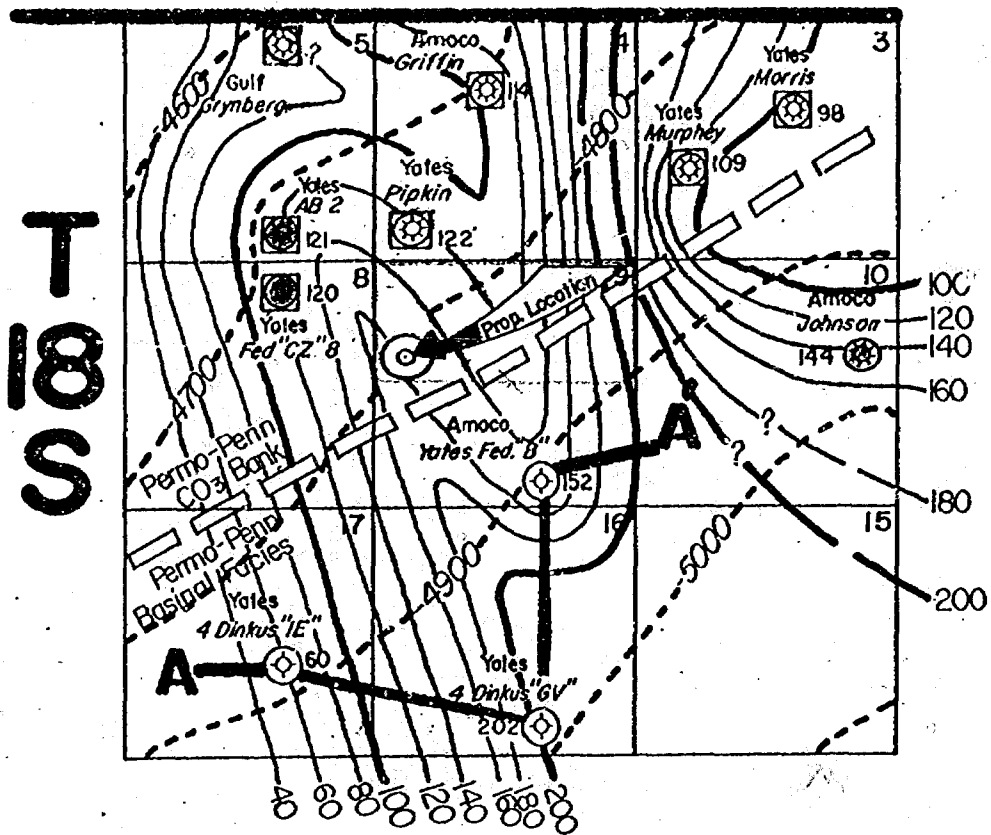
Copy of order also sent to:

Hobbs OCD \_\_\_\_\_ x  
Artesia OCD \_\_\_\_\_ x  
Aztec OCD \_\_\_\_\_

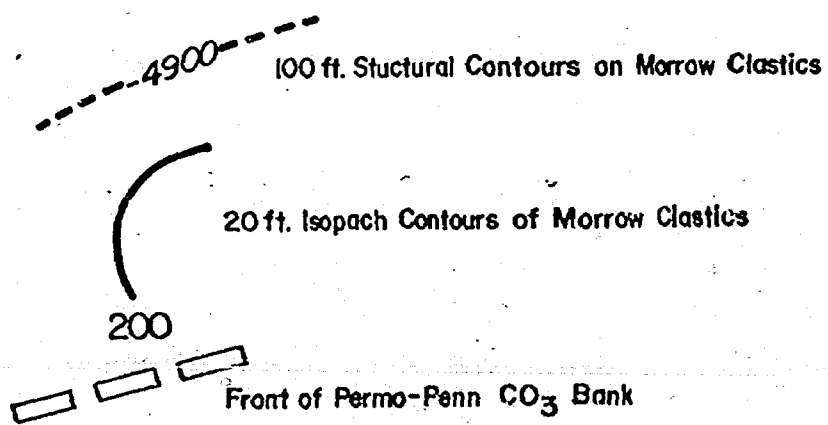
Other \_\_\_\_\_  
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# R-25-E



- ⊙ 152 Morrow Penetration Thickness of Morrow Clastics
- ⊙ Morrow Producer
- ⊙ Permo-Penn Producer or Potential Producer



Case No. 7123  
 N.M. Oil Conservation Div.  
 1/14/81 Examiner Hearing  
 Yates Petroleum Corporation  
 Exhibit No. 2

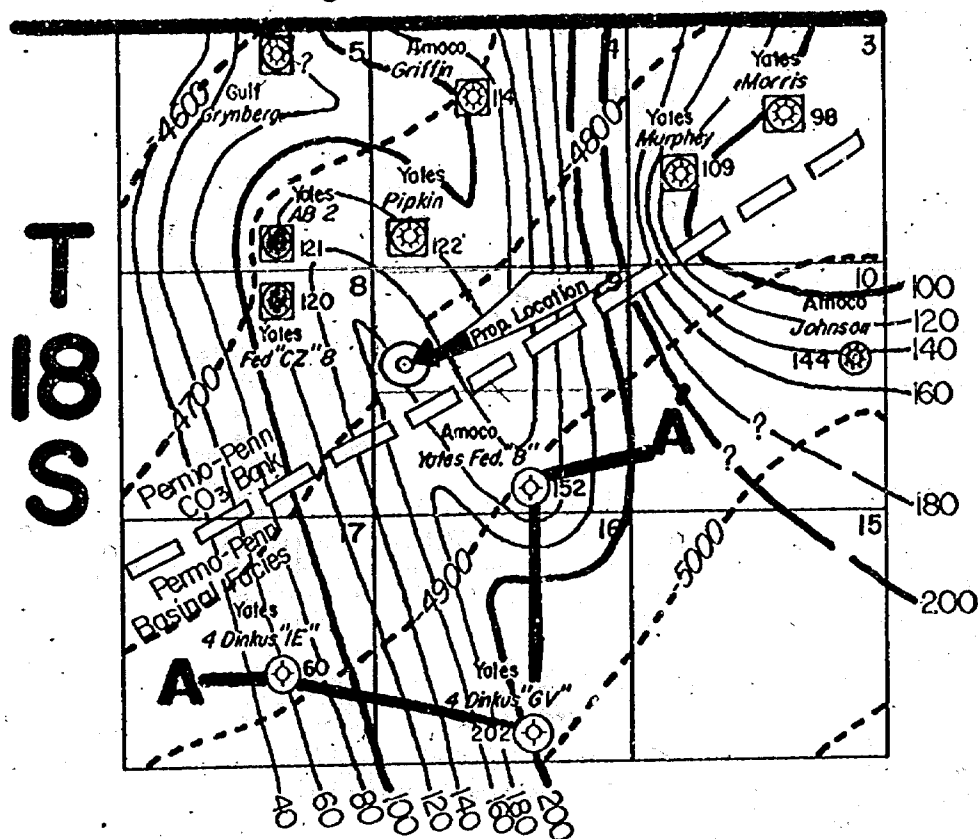


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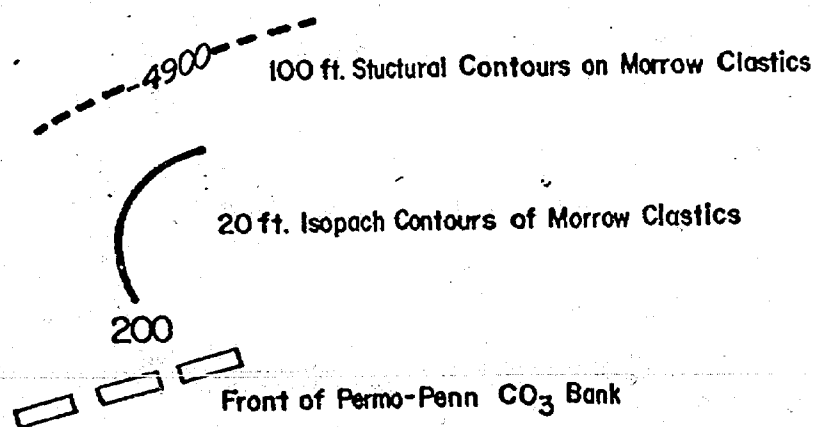
Case No. 7123  
N.M. Oil Conservation Div.  
1/14/81 Examiner Hearing  
Yates Petroleum Corporation  
Exhibit No. 1



# R-25-E



- ⊙ 152 ← Morrow Penetration Thickness of Morrow Clastics
- ⊙ Morrow Producer
- ⊙ Permo-Penn Producer or Potential Producer

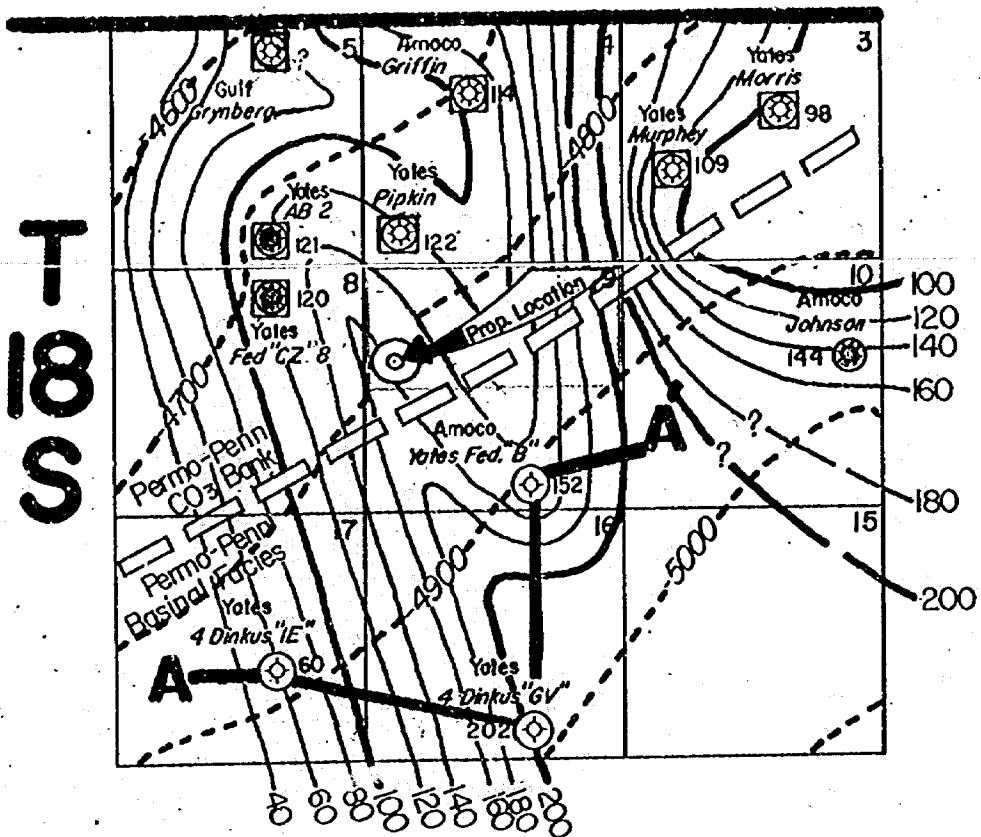


Case No. 7123  
 N.M. Oil Conservation Div.  
 1/14/81 Examiner Hearing  
 Yates Petroleum Corporation  
 Exhibit No. 2

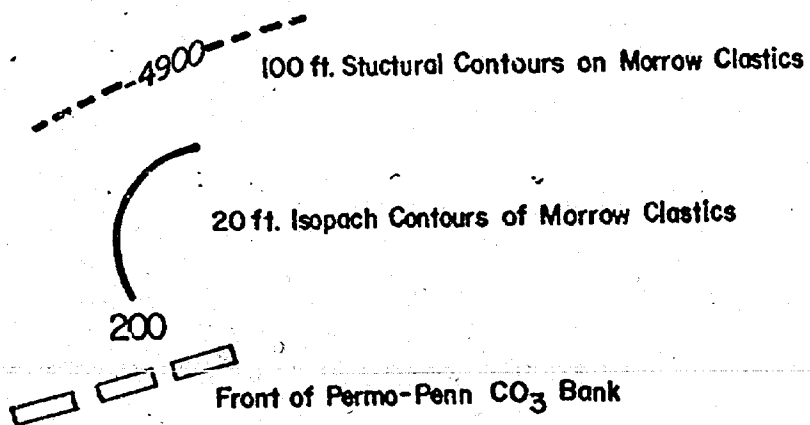


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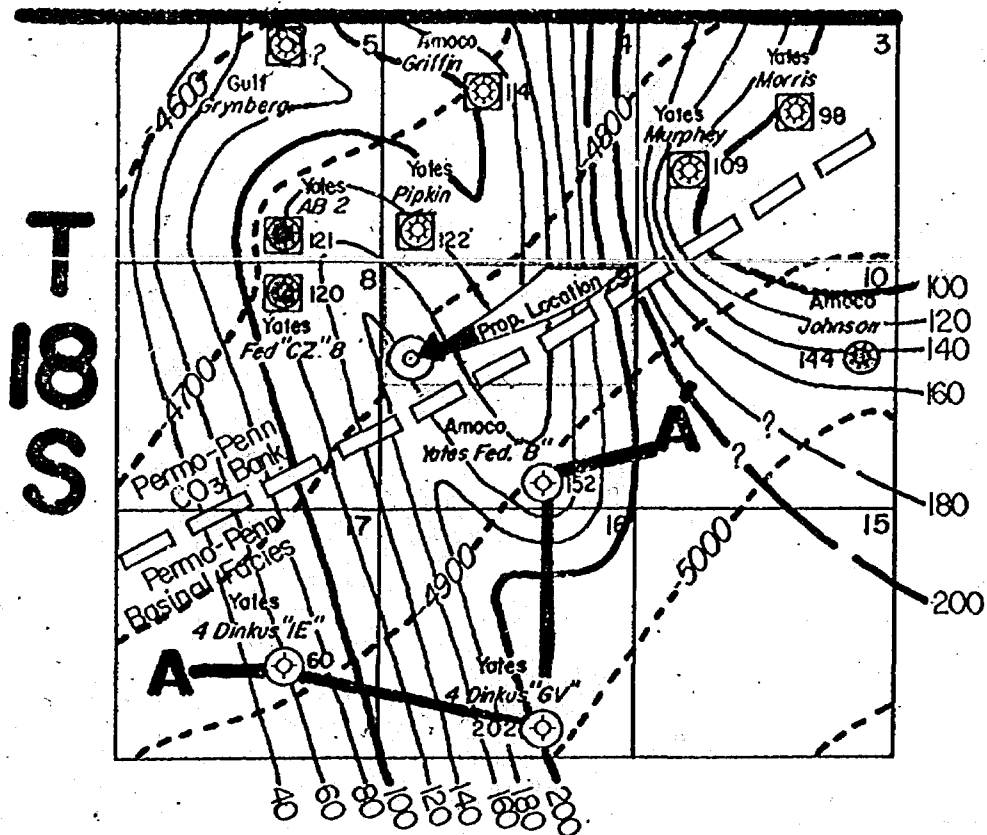





- ⊙ 152 ← Morrow Penetration Thickness of Morrow Clastics
- Morrow Producer
- ⊙ Permo-Penn Producer or Potential Producer

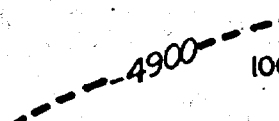



Case No. 7123  
 N.M. Oil Conservation Div.  
 1/14/81 Examiner Hearing  
 Yates Petroleum Corporation  
 Exhibit No. 2


# R-25-E



- 
 152 Morrow Penetration Thickness of Morrow Clastics
- 
 Morrow Producer
- 
 Permo-Penn Producer or Potential Producer


 4900 100 ft. Structural Contours on Morrow Clastics


 200 20 ft. Isopach Contours of Morrow Clastics


 200 Front of Permo-Penn CO<sub>3</sub> Bank

Case No. 7123  
 N.M. Oil Conservation Div.  
 1/14/81 Examiner Hearing  
 Yates Petroleum Corporation  
 Exhibit No. 2

Dockets Nos. 4-81 and 5-81 are tentatively set for January 28 and February 11, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 14, 1981

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 February, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for February, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7117: Application of Gulf Oil Corporation for a non-standard gas proration unit, unorthodox location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 320-acre non-standard proration unit comprising the E/2 of Section 25, Township 20 South, Range 36 East, Eumont Gas Pool, to its L. W. White (NCT-A) Wells No. 2 in Unit I and No. 7 at an unorthodox location 990 feet from the North line and 660 feet from the East line of said Section 25.

CASE 7118: Application of El Paso Exploration Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Tocito and Basin-Dakota production in the wellbore of its Jicarilla 152 W Well No. 3 in Unit D of Section 7, Township 26 North, Range 5 West.

CASE 7119: Application of Shell Oil Company for a unit agreement, Bernalillo and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the West Mesa Unit Area, comprising 26,722 acres, more or less, of State, Federal, and fee lands in Townships 10, 11, and 12 North, Ranges 1 and 2 East.

CASE 7120: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its Merry May Well No. 1 in Unit I of Section 24, Township 24 North, Range 10 West.

CASE 7121: Application of Flag-Redfern Oil Co. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pinon-Fruitland and Fulcher Kutz-Pictured Cliffs production in the wellbores of its Aloha Wells Nos. 1 and 2 located in Units L and D, respectively, of Section 16, Township 28 North, Range 11 West.

CASE 7122: Application of Elk Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in the interval from 10,445 feet to 10,516 feet in its C. S. State Well No. 2 in Unit K of Section 26, Township 14 South, Range 34 East, High Plains-Pennsylvanian Pool.

CASE 7123: Application of Yates Petroleum 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 Federal "AB" Well No. 7, a Morrow test to be drilled 1980 feet from the North line and 660 feet from the West line of Section 9, Township 18 South, Range 25 East, the N/2 of said Section 9 to be dedicated to the well.

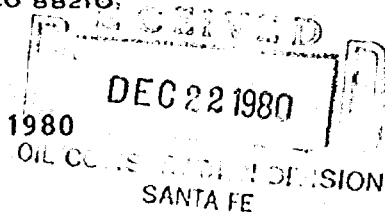
CASE 7124: Application of Caribou Four Corners, Inc. for two non-standard proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, as follows: a 56.09-acre unit consisting of those fee lands comprising the NE/4 NW/4 and northernmost 16.09 acres of the SE/4 NW/4 of said Section 13, and a 66.33-acre unit consisting of those fee lands comprising the NW/4 NW/4 and northernmost 23.33 acres of the SW/4 NW/4 of said Section 13. In the alternative applicant seeks an order directing the escrowing of funds attributable to those lands in the E/2 NW/4 and W/2 NW/4, respectively, of said Section 13 which are not included in the above-described non-standard proration units.

A.J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

LAW OFFICES  
LOSEE, CARSON & DICKERSON, P.A.  
300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

AREA CODE 505  
746-3508

December 19, 1980



Mr. Joe D. Ramey, Director  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 7123*

Re: Federal "AB" No. 7 Well  
N/2 Sec. 9, T-18-S, R-25-E, NMPM

Dear Mr. Ramey:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that you furnish us with a docket of said hearing.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

A handwritten signature in cursive script, appearing to read "Chad Dickerson".

Chad Dickerson

CD:pvm  
Enclosures

cc w/enclosure: Yates Petroleum Corporation



DEC 22 1966  
OIL CONSERVATION DIVISION  
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
YATES PETROLEUM CORPORATION FOR AN  
UNORTHODOX GAS WELL LOCATION, EDDY  
COUNTY, NEW MEXICO

CASE NO. 7123

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the Morrow formation underlying:

Township 18 South, Range 25 East, N.M.P.M.

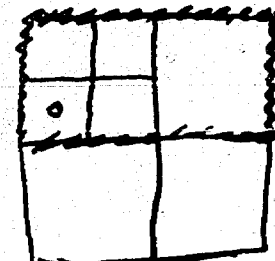
Section 9: N/2

and proposes to drill its Federal "AB" No. 7 Well at a point located 1,980 feet from the north line and 660 feet from the west line of Section 9.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(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 Morrow formation.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 9 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. 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 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.



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 its Federal "AB" No. 7 Well 1,980 feet from the north line and 660 feet from the west line of said Section 9, and to dedicate the N/2 of Section 9, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 

Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant



RECEIVED  
DEC 22 1986  
OIL & GAS DIVISION

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR AN :  
UNORTHODOX GAS WELL LOCATION, EDDY :  
COUNTY, NEW MEXICO :

CASE NO. 7123

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the Morrow formation underlying:

Township 18 South, Range 25 East, N.M.P.M.

Section 9: N/2

and proposes to drill its Federal "AB" No. 7 Well at a point located 1,980 feet from the north line and 660 feet from the west line of Section 9.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(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 Morrow formation.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 9 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. 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 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.

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 its Federal "AB" No. 7 Well 1,200 feet from the north line and 660 feet from the west line of said Section 9, and to dedicate the E/2 of Section 9, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson  
Chad Dickerson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 86210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

DEC 22 1966  
SANTA FE DIVISION

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR AN :  
UNORTHODOX GAS WELL LOCATION, EDDY :  
COUNTY, NEW MEXICO :

CASE NO. \_\_\_\_\_

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the Morrow formation underlying:

Township 18 South, Range 25 East, N.M.P.M.

Section 9: N/2

and proposes to drill its Federal "AB" No. 7 Well at a point located 1,980 feet from the north line and 660 feet from the west line of Section 9.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(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 Morrow formation.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 9 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. 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 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.

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 its Federal "AB" No. 7 Well 1,980 feet from the north line and 660 feet from the west line of said Section 9, and to dedicate the E/2 of Section 9, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson  
Chad Dickerson

LOSKE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

DRAFT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

dr/

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

CASE NO. 7123

ORDER NO. R- 6562

APPLICATION OF YATES PETROLEUM CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 14,  
1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets  
NOW, on this        day of January, 1981, 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, Yates Petroleum Corporation,  
for its Federal "AB" Well No. 7 to be drilled  
seeks approval of an unorthodox gas well location/ 1980  
feet from the North line and 660 feet from the  
West line of Section 9, Township 18 South  
Range 25 East, NMPM, to test the Morrow  
formation, 8001, Eddy  
County, New Mexico.

(3) That the N/2 of said Section 9 is to be  
dedicated to the 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.

-2-

Case No. \_\_\_\_\_

Order No. R- \_\_\_\_\_

(6) That 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, 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 an unorthodox gas well location for the Morrow  
the Yates Petroleum Corporation's Federal "AB" Well No. 7  
formation is hereby approved for ~~xxwx~~ to be located at a point 1980  
feet from the North line and 660 feet from the West  
line of Section 9, Township 18 South, Range 25 East  
NMPM, \_\_\_\_\_ Pool, Eddy County,  
New Mexico.

(2) That the N/2 of said Section 9 shall be dedicated to  
the above-described well.

(3) 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.