

Entered June 5, 1980
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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. 6900
Order No. R-6362

APPLICATION OF YATES PETROLEUM
CORPORATION FOR A NON-STANDARD OIL
PRORATION UNIT, UNORTHODOX WELL
LOCATION, AND DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 21, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of June, 1980, 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 80-acre non-standard oil proration unit compris-
ing the N/2 SE/4 of Section 22, Township 16 South, Range 33 East,
NMPM, Kemnitz-Wolfcamp Pool, to be dedicated to its Sombrero
"MS" State Well No. 1 at an unorthodox location 1650 feet from
the South line and 1650 feet from the East line of said Section
22.

(3) That the special rules for said pool prescribe that
drilling and proration units shall comprise either the East half
or the West half of a governmental quarter section and that well
locations shall be within 150 feet of the center of the North-
east quarter or the Southwest quarter of a governmental quarter
section.

(4) That the entire non-standard proration unit may reasonably be presumed productive of oil from the Kemnitz-Wolfcamp Pool and that the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Kemnitz-Wolfcamp 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.

(6) That the applicant also seeks approval for the down-hole commingling of Wolfcamp and Cisco production in the wellbore of said well.

(7) That from each of said zones, the subject well is currently capable of marginal production.

(8) That the production from said zones is expected to initially decline at a relatively rapid rate.

(9) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(10) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(11) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Division any time the subject well is shut-in for 7 consecutive days.

(12) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Hobbs district office of the Division and determine an allocation formula for each of the production zones.

-3-
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IT IS THEREFORE ORDERED:

(1) That an 80-acre non-standard oil proration unit in the Kemnitz-Wolfcamp Pool comprising the N/2 SE/4 of Section 22, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Yates Petroleum Corporation Sombrero "MS" State Well No. 1 at an unorthodox location, hereby approved, 1650 feet from the South line and 1650 feet from the East line of said Section 22.

IT IS FURTHER ORDERED:

(1) That Yates Petroleum Corporation is hereby authorized to commingle Wolfcamp and Cisco production within the wellbore of said Sombrero "MS" State Well No. 1.

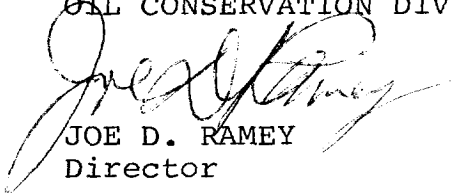
(2) That the applicant shall consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

(3) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) 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

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