

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. 8304  
Order No. R-7721

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR A NON-STANDARD  
PRORATION UNIT, OR IN THE  
ALTERNATIVE, COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on September 5, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 13th day of November, 1984, 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, has requested that the compulsory pooling portion of this application be dismissed and such request should be granted.
- (3) The applicant seeks approval of a 120-acre non-standard gas proration unit comprising the NE/4 NE/4 and S/2 NE/4 of Section 36, Township 20 South, Range 27 East, NMPM, Bone Spring formation, to be dedicated to its Citdel "ZG" State Well No. 1, at an unorthodox location 330 feet from the North line and 330 feet from the East line of said Section 36 and that such unorthodox location shall be subsequently approved administratively.
- (4) The entire non-standard proration unit may reasonably be presumed productive of gas from the Bone Spring formation and that the entire non-standard gas proration unit can be

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efficiently and economically drained and developed by the aforesaid well.

(5) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Bone Spring formation, 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 compulsory pooling portion of this application is hereby dismissed.

(2) A 120-acre non-standard gas proration unit in the Bone Spring Formation comprising the NE/4 NE/4 and S/2 NE/4 of Section 36, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby established for Yates Petroleum Corporation to be dedicated to its Citdel "ZG" State Well No. 1, at an unorthodox location 330 feet from the North line and 330 feet from the East line of said Section 36 and that such unorthodox location shall be subsequently approved administratively.

(3) 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

  
R. L. STAMETS,  
Acting Director

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