

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. 9444
ORDER NO. R-8578-A

APPLICATION OF YATES PETROLEUM
CORPORATION TO AMEND DIVISION
ORDER NO. R-8578, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of September, 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) By Order No. R-8578, issued in Case No. 9249 and dated January 6, 1988, the Division authorized the applicant, Yates Petroleum Corporation, to drill at an unorthodox gas well location 2310 feet from the South line and 660 feet from the West line (Unit L) of Section 8, Township 19 South, Range 27 East, NMPM, to test all formations from the top of the Wolfcamp to the base of the Morrow, Eddy County, New Mexico, the S/2 of said Section 8 to be dedicated to said well.

(3) On June 23, 1988 the applicant spudded its Eastern Shore "QW" Federal Well No. 2 at said location. Upon reaching a depth of 278 feet a "sink-hole", approximately 30 feet in diameter, developed under the drilling rig, causing the cellar and conductor pipe to settle five feet, also the drilling rig had to be stabilized with cranes because of a severe list.

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(4) Said wellbore was subsequently plugged and abandoned at this point and the rig was then skidded 90 feet to the east, where on June 30, 1988, a new well designated the Eastern Shore "QW" Federal Well No. 2-Y was spudded.

(5) At this time the applicant seeks an amendment to said Division Order No. R-8578 by changing the unorthodox gas well location, authorized by said Order, to 2310 feet from the South line and 750 feet from the West line (Unit L) of said Section 8.

(6) No offset operator appeared and/or objected to the proposed amendment.

(7) Approval of said amendment is in the best interests of conservation and will not cause waste or violate correlative rights.

IT IS THEREFORE ORDERED THAT:

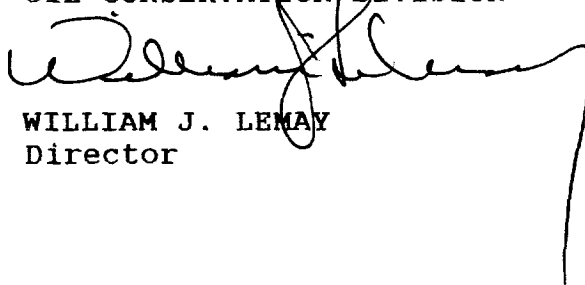
(1) All references to the unorthodox gas well location approved by Division Order No. R-8578, dated January 6, 1988, are hereby amended to read "2310 feet from the South line and 750 feet from the West line (Unit L) of Section 8, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico."

(2) All other provisions of said Order No. R-8578 shall remain in full force and effect until further notice.

(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


WILLIAM J. LEMAY
Director

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