

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. 9604
ORDER NO. R-8883

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 15, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of March, 1989, 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 Company, seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 25, Township 18 South, Range 27 East, NMPM, to test any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Undesignated Red Lake Atoka-Morrow Gas Pool, Eddy County, New Mexico.

(3) The N/2 of said Section 25 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

(4) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed location will penetrate the Wolfcamp and Pennsylvanian formations at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(5) No affected offset operator appeared and/or objected to the proposed non-standard well location.

Case No. 9604
Order No. R-8883
Page No. 2

(5) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected formations, 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:

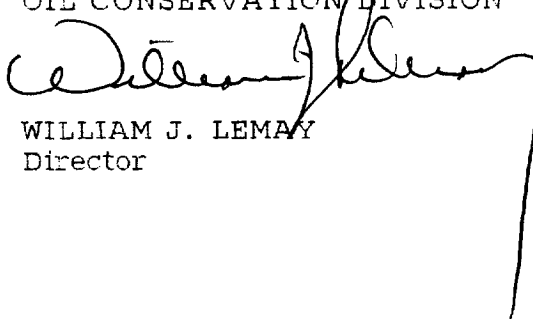
(1) The application of Yates Petroleum Company for an unorthodox gas well location for any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Undesignated Red Lake Atoka-Morrow Gas Pool is hereby approved for a well to be located at a point 660 feet from the North and East lines (Unit A) of Section 26, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) The N/2 of said Section 26 shall be dedicated to the above-described well forming a 320-acre gas spacing and proration unit.

(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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