

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. 9695
ORDER NO. R-8975

APPLICATION OF YATES ENERGY
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION AND A NON-
STANDARD GAS PRORATION UNIT,
CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 12, 1989 and on August 9, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of August, 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 Energy Corporation, seeks approval of an unorthodox gas well location 660 feet from the South line and 1300 feet from the West line (Unit M) of Section 18, Township 9 South, Range 27 East, NMPM, to test the Foor Ranch-PrePermian Gas Pool, Chaves County, New Mexico.

(3) Lots 1 through 4 and the E/2 W/2 of said Section 8 are to be dedicated to the well forming a non-standard 325.04-acre gas spacing and proration unit for said pool.

(4) The evidence presented at the hearing and information obtained from Division records indicate that the applicant's Seymour State Com Well No. 1 located at a standard gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 18, which was drilled in November, 1982, dually completed in the South Pecos Slope-Abo Gas and Foor Ranch-PrePermian Gas Pools,

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and produced 32,680 mcf of gas from the Foor Ranch-PrePermian Gas Pool from December 1982 to December 1984. At the present time, this well is producing from the Abo zone only and an intent to abandon the Pre-Permian zone and recomplete as a dual Abo/Wolfcamp is on file with the Division (see OCD Form C-103 dated April 20, 1989 in the subject well file).

(5) Geological evidence presented at the hearing indicates that a well at the proposed unorthodox gas well location will penetrate the Foor Ranch PrePermian Gas Pool at a more structurally advantageous position than the Seymour State Com Well No. 1, thereby enabling the applicant to produce the remaining gas reserves from said pool underlying the subject unit.

(6) No offset operator objected to the proposed unorthodox location.

(7) Should a completion in the Foor Ranch-PrePermian Gas Pool be successful in the subject well the applicant should be required to proceed with the plugging back and abandonment of the Pre-Permian zone in its Seymour State Well No. 1 before production may commence from the proposed well at the above-described unorthodox gas well location.

(8) Approval of the subject application with the above-described provisions will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pools, 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 Energy Corporation for an unorthodox gas well location for the Foor Ranch-PrePermian Gas Pool is hereby approved for a well to be located at a point 660 feet from the South line and 1300 feet from the West line of Section 18, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico.

PROVIDED HOWEVER THAT:

Should a completion in the Foor Ranch-PrePermian Gas Pool be successful in the subject well the applicant shall be required to proceed with the plugging back and abandonment of the Pre-Permian zone in its Seymour State Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 18 before production may commence from the proposed well at the above-described unorthodox gas well location.

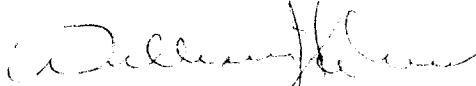
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(2) Lots 1 through 4 and the E/2 W/2 of said Section 18 shall be dedicated to the above-described well forming a non-standard 325.04-acre gas spacing and proration unit for said pool.

(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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