

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. 9725
ORDER NO. R-9047

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS
WELL LOCATION, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 1, 1989, at Santa Fe, New Mexico, before Examiner Victor T. Lyon.

NOW, on this 21st day of November, 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 Corporation, seeks approval of an unorthodox gas well location for its Red Rock "NB" Federal Well No. 2 to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 6 South, Range 25 East, NMPM, to test the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.
- (3) The SW/4 of said Section 28 is to be dedicated to the well forming a 160-acre gas spacing and proration unit for said pool.
- (4) The well is projected to penetrate a local streambed sand at a reasonable thickness so as to better drain the sand. The standard location to make such penetration is not drillable due to topographical conditions.
- (5) There are other drillable standard locations on the drilling and spacing unit, but this particular sand is thought not to be present with reasonable thickness.

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(6) The Pecos Slope-Abo Gas Pool is not prorated and there is no practical method of imposing a penalty for crowding the line.

(7) A well at the unorthodox location will better enable the applicant to produce the gas underlying the proration unit.

(8) No offset operator objected to the proposed unorthodox location and the ownership of the affected offset acreage is common to that of the drillsite acreage.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected 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.

IT IS THEREFORE ORDERED THAT:

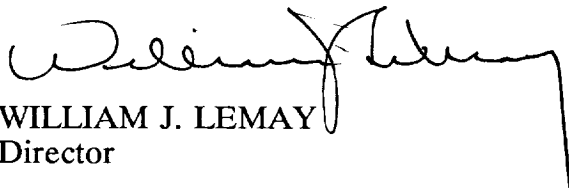
(1) The application of Yates Petroleum Corporation for an unorthodox gas well location for the Pecos Slope-Abo Gas Pool is hereby approved for a well to be located at a point 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 6 South, Range 25 East, NMPM, Chaves County, New Mexico.

(2) The SW/4 of said Section 28 shall be dedicated to the above-described well forming a standard 160-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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