

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. 10203
ORDER NO. R-9449*

**APPLICATION OF YATES PETROLEUM CORPORATION
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 7, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of March, 1991 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 in both the Undesignated Peñasco Draw-Permo Pennsylvanian Gas and Boyd-Morrow Gas Pools for its existing Winston AII Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico.
- (3) The N/2 of said Section 14 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools.
- (4) The subject well was permitted with the Artesia District Office of the Division and was approved in October 1990 as a wildcat Devonian oil test in which the location is standard for a 40-acre oil spacing and proration unit comprising the SW/4 NW/4 of said Section 14.

(5) The well was spudded on October 24, 1990 and a total depth of 10,850 feet was reached on December 20, 1990 whereby the Devonian zone tested uneconomical.

(6) Yates Petroleum Corporation now proposes to recompleate said well up-hole in both the Permo-Pennsylvanian and Morrow zones.

(7) The N/2 of said Section 14 is presently dedicated to the applicant's Routh NU Deep Com Well No. 2 located at a standard gas well location in the Boyd-Morrow Gas Pool 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 14; however, said well is depleted in the Morrow formation and will either be shut-in or converted to a salt water disposal well prior to the commencement of gas production from the subject Winston AII Well No. 1.

(8) The S/2 of said Section 14 is presently dedicated to the applicant's Allison CQ Federal Well No. 8 located at a previously approved unorthodox gas well location in the Boyd-Morrow Gas Pool 1980 feet from the South line and 990 feet from the East line (Unit I) of said Section 14 (Division Administrative Order NSL-1576).

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

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

(11) Approval of the subject application 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 Petroleum Corporation for an unorthodox gas well location in both the Undesignated Peñasco Draw-Permo Pennsylvanian Gas Pool and Boyd-Morrow Gas Pool is hereby approved for its existing Winston AII Well No. 1 to be located 1980 feet from the North line and 660 feet from the West line of Section 14, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico.

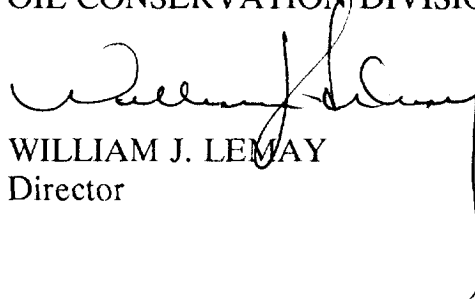
(2) The N/2 of said Section 14 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pools.

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(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

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long vertical stroke extending downwards from the end of the name.

WILLIAM J. LEMAY
Director

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