

**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. 10742
Order No. R-9930**

**APPLICATION OF YATES PETROLEUM CORP-
ORATION 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 July 15, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of August, 1993, 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 to drill its Sunflower "AHW" Federal Well No. 2 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico, to a depth of approximately 9,000 feet to test all formations and/or pools developed on 320-acre gas spacing.

(3) The applicant proposes to dedicate the N/2 of Section 31 to the above-described well forming a standard 320-acre gas spacing and proration unit.

(4) Applicant's evidence and testimony indicates that the primary target within the subject well is the Morrow formation.

(5) Applicant's geologic evidence indicates that a well at the proposed unorthodox location should encounter a greater amount of net sand within the Lower Morrow interval than a well drilled at a standard well location thereon, thereby increasing the likelihood of obtaining commercial gas production.

(6) Further geologic evidence presented indicates that the subject well should encounter the Lower Morrow interval at a structurally higher position than that encountered in the Yates Petroleum Corporation Agave "AAJ" State Well No. 2 located in Unit K of Section 32, which was drilled in August, 1985 and which tested wet in the Lower Morrow interval.

(7) All of the offset acreage is owned or controlled by Yates Petroleum Corporation.

(8) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(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(s), 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:

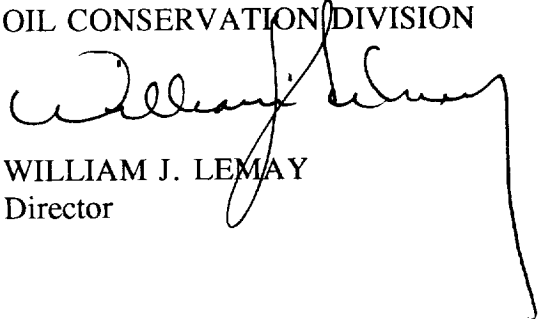
(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Sunflower "AHW" Federal Well No. 2 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico, to a depth of approximately 9,000 feet to test all formations and/or pools developed on 320-acre gas spacing.

(2) The N/2 of Section 31 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit.

(3) Jurisdiction is hereby 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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