

VANDIVER & BOWMAN, P.C.

Attorneys at Law

611 West Mahone, Suite E
Artesia, New Mexico 88210-2075
(505) 746-9841

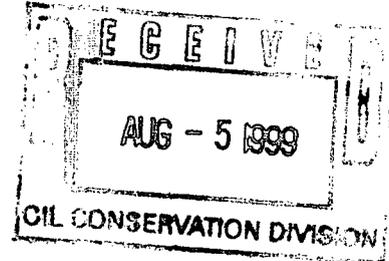
DAVID R. VANDIVER
JEFFREY L. BOWMAN

NSL 8/25/99

FAX
(505) 746-4208

August 4, 1999

Energy, Minerals and Natural
Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: Mule Train "16" State Com. No. 1 Well
Township 17 South, Range 28 East, NMPM
Section 16: N/2
Eddy County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Drilling Company for Administrative Approval of an Unorthodox Well Location, Eddy County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after inserting the docket number.

Rule 104.F does not require the Applicant to give notice to the operator of any adjoining spacing unit under the circumstances presented in the Application, and the Applicant would like to commence its proposed well as soon as possible. Accordingly, we respectfully request the Division to enter an order approving the Application as soon as possible.

Thank you.

Very truly yours,

VANDIVER & BOWMAN, P.C.

A handwritten signature in dark ink, appearing to read "David R. Vandiver".

David R. Vandiver

DRV:pvw
Enclosures

cc w/enclosure: Mr. Doug Hurlbut

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE APPLICATION OF YATES
DRILLING COMPANY FOR ADMINISTRATIVE
APPROVAL OF AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

COMES NOW Yates Drilling Company, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following lands in Eddy County, New Mexico:

Township 17 South, Range 28 East, N.M.P.M.

Section 16: N/2

containing 320 acres, more or less,

and proposes to drill its Mule Train "16" State Com. No. 1 Well at a point located 1,500 feet from the north line and 1,650 feet from the east line of said Section 16 to a depth sufficient to test the Morrow formation, at approximately 10,200 feet. The proposed well is in the Undesignated Empire - Atoka Gas Pool and the South Empire - Morrow Gas Pool.

2. The Applicant seeks an exception, pursuant to Rule 104.F, to the well location requirements of Rule 104.C of the Oil Conservation Division to permit the drilling of the well at the above-mentioned unorthodox location for all formations which may be developed on 320-acre spacing.

3. A standard 320-acre proration unit comprising N/2 of said Section 16 should be dedicated to such well. A plat depicting the proposed spacing and proration unit and the proposed well location is attached hereto as Exhibit "A" and by reference made a part of this Application.

4. The optimum location for a Morrow gas well in N/2 of said Section 16 is in SW/4 NE/4 of said Section 16.

5. The proposed location for the Mule Train "16" State Com. No. 1 Well is unorthodox by virtue of its being closer than 330 feet to the quarter-quarter section boundary between NW/4 NE/4 and SW/4 NE/4 of said Section 16.

6. The proposed unorthodox location is necessary for topographical reasons. There is a bluff in W/2 NE/4 of said Section 16 running from north to south and a pipeline located in SW/4 NE/4 of said Section 16 which preclude the Applicant from locating the well at an orthodox location in SW/4 NE/4 of said Section 16. Plats depicting said Section 16, the bluff located in W/2 NE/4 Section 16 and the existing pipeline in SW/4 NE/4 Section 16 are attached hereto as Exhibits "A", "B" and "C" and by reference made a part of this Application.

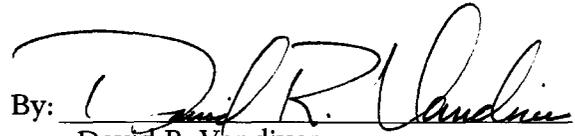
7. The proposed unorthodox well location does not encroach towards any adjoining or diagonal spacing units in the same pool, and there are no affected parties, as defined in Rule 104.F, whose wells or interests will be affected by the location of the well at the proposed unorthodox location. The Applicant therefore has not given notice to the operators of any spacing units adjacent to the proposed spacing unit for the Mule Train "16" State Com. No. 1 Well.

8. The approval of this Application will afford the Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent 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.

WHEREFORE, Applicant prays that the Division enter its Order granting the Applicant administrative approval of its proposed unorthodox well location and thereby grant Applicant permission to drill its well at a point 1,500 feet from the north line and 1,650 feet from the east line of said Section 16, and to dedicate N/2 of said Section 16 to said well for production from all formations that may be developed on 320-acre spacing, and for such other and further relief as may be just in the premises.

YATES DRILLING COMPANY

By: 
David R. Vandiver
Vandiver & Bowman, P.C.
611 West Mahone, Suite E
Artesia, New Mexico 88210-2075
(505) 746-9841

Attorneys for Applicant

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Ed., Artec, NM 87410

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name MULE TRAIN "16" STATE COM.		Well Number 1
OGRID No.	Operator Name YATES DRILLING COMPANY		Elevation 3540

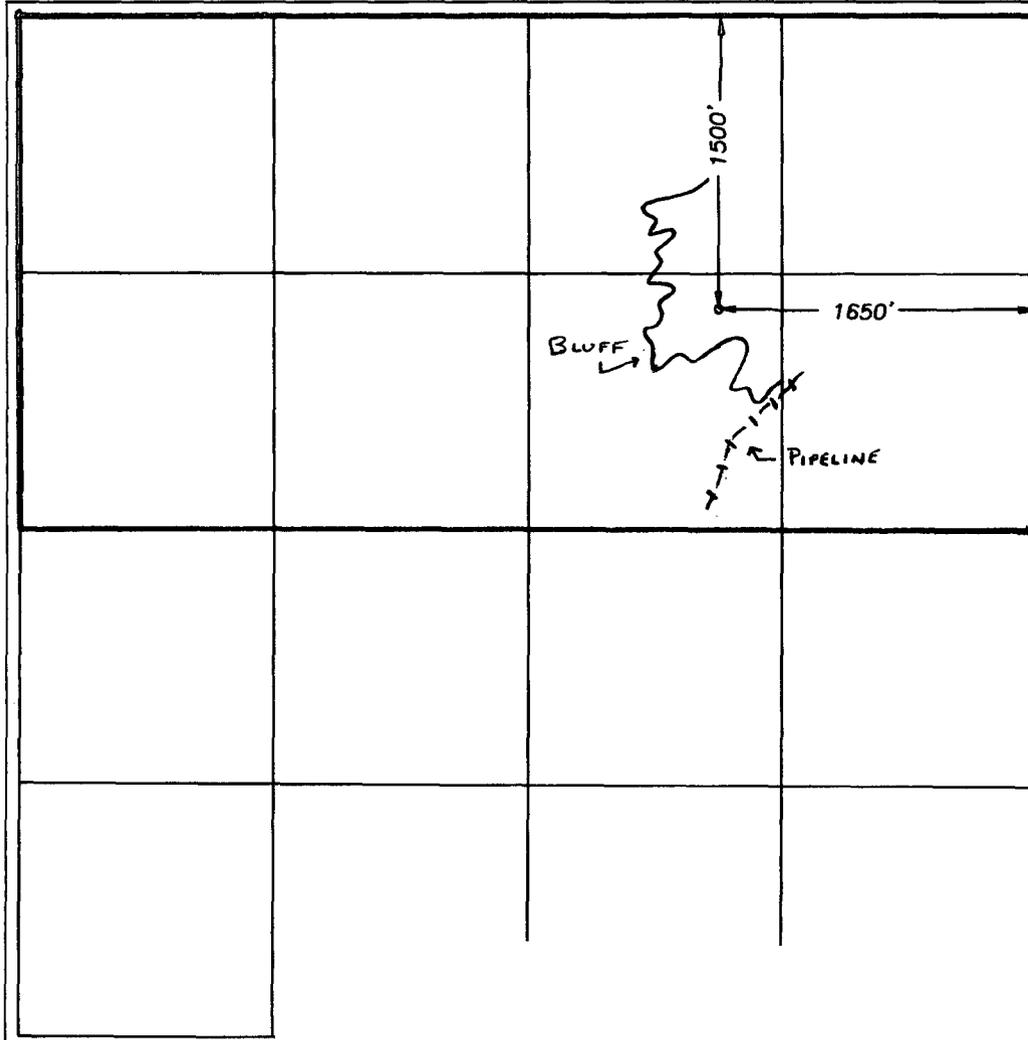
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	17S	28E		1500	NORTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code		Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Surveyed 07/28/1999

Signature & Seal of Professional Surveyor _____

HERSCHEL E. JONES
NEW MEXICO
3640
GENERAL SURVEYING COMPANY

Certificate No. Herschel E. Jones RLS 3640
MULE TRAIN LAND SURVEYING DISK 14
GENERAL SURVEYING COMPANY

Exhibit "A"

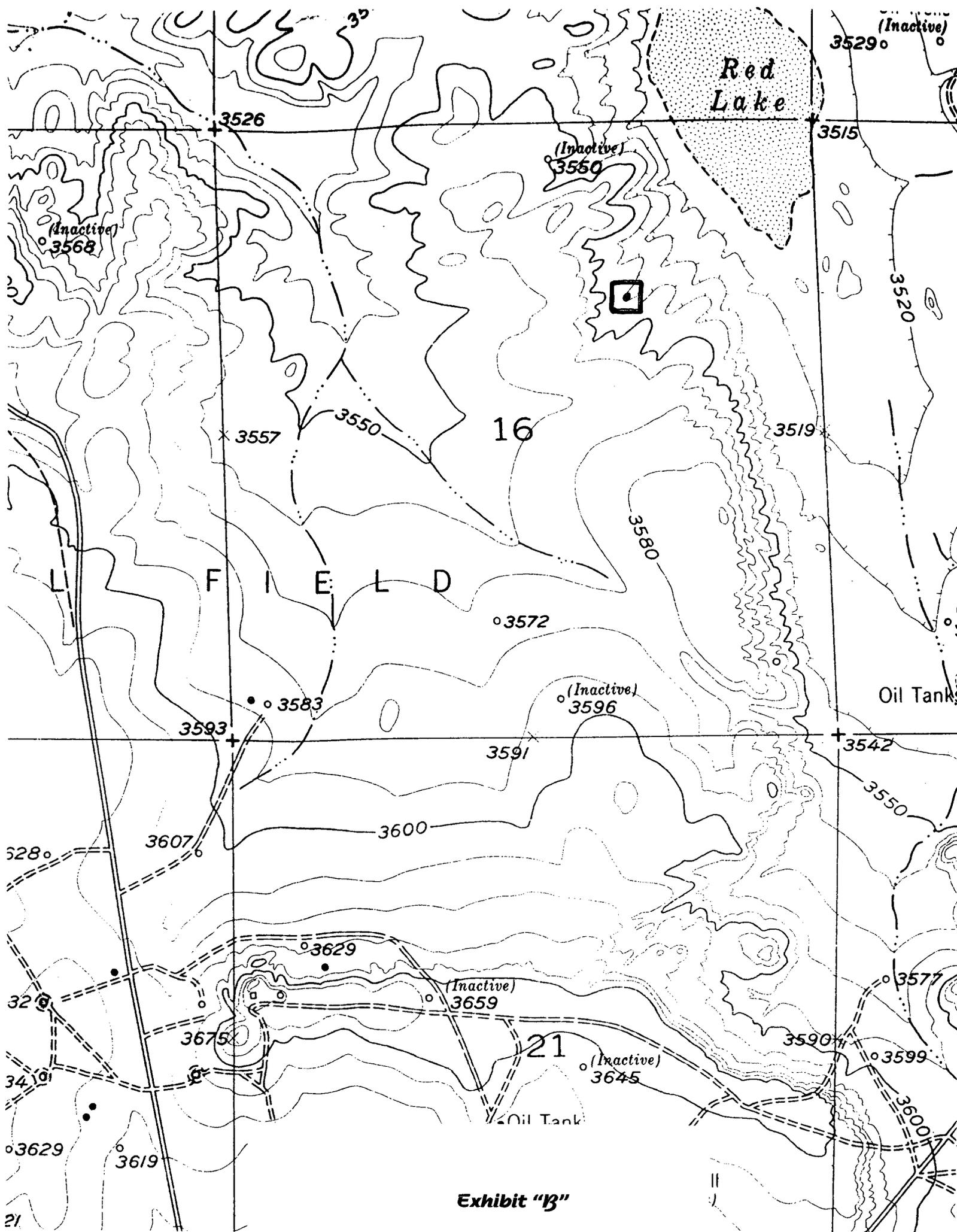


Exhibit "B"

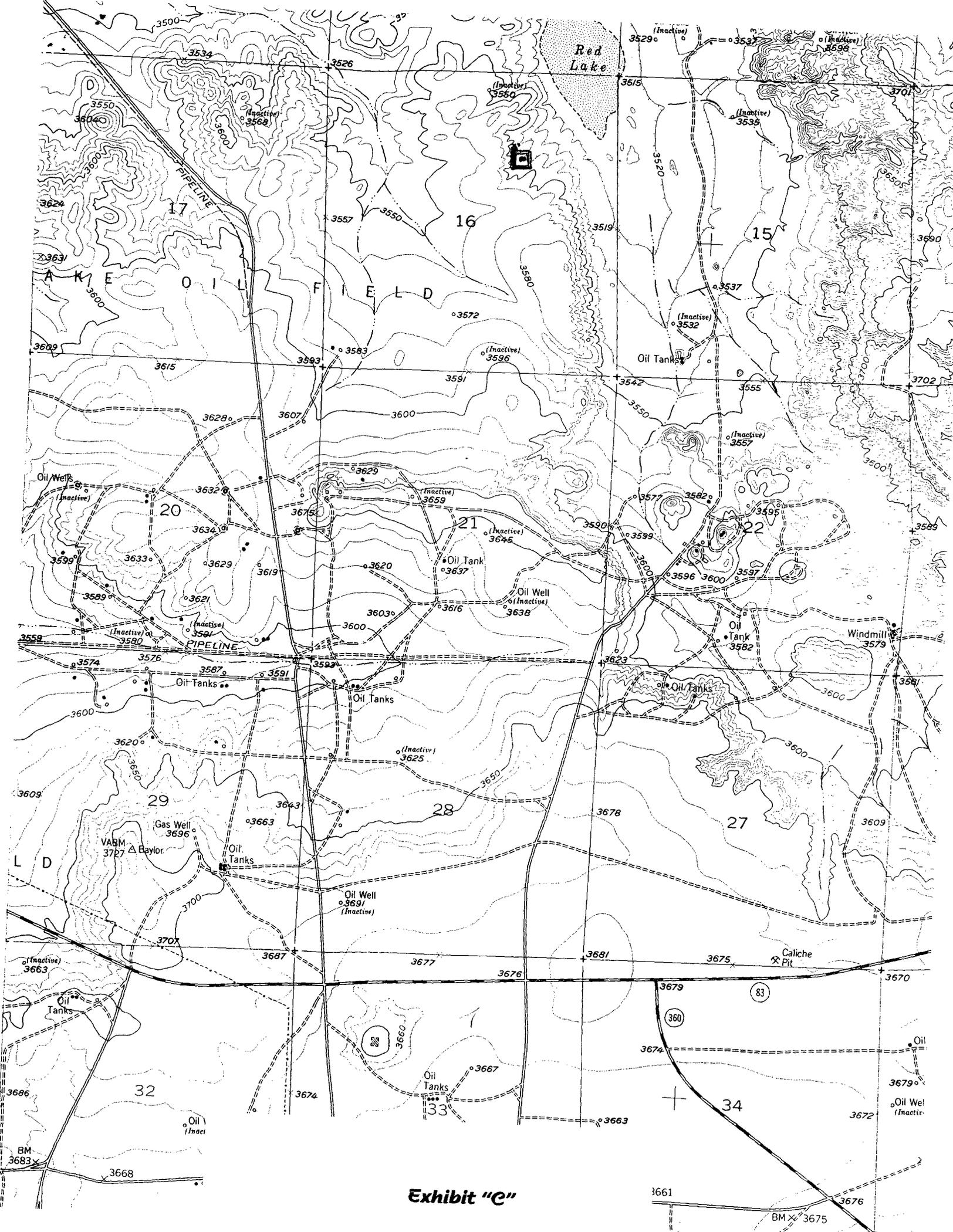


Exhibit "C"

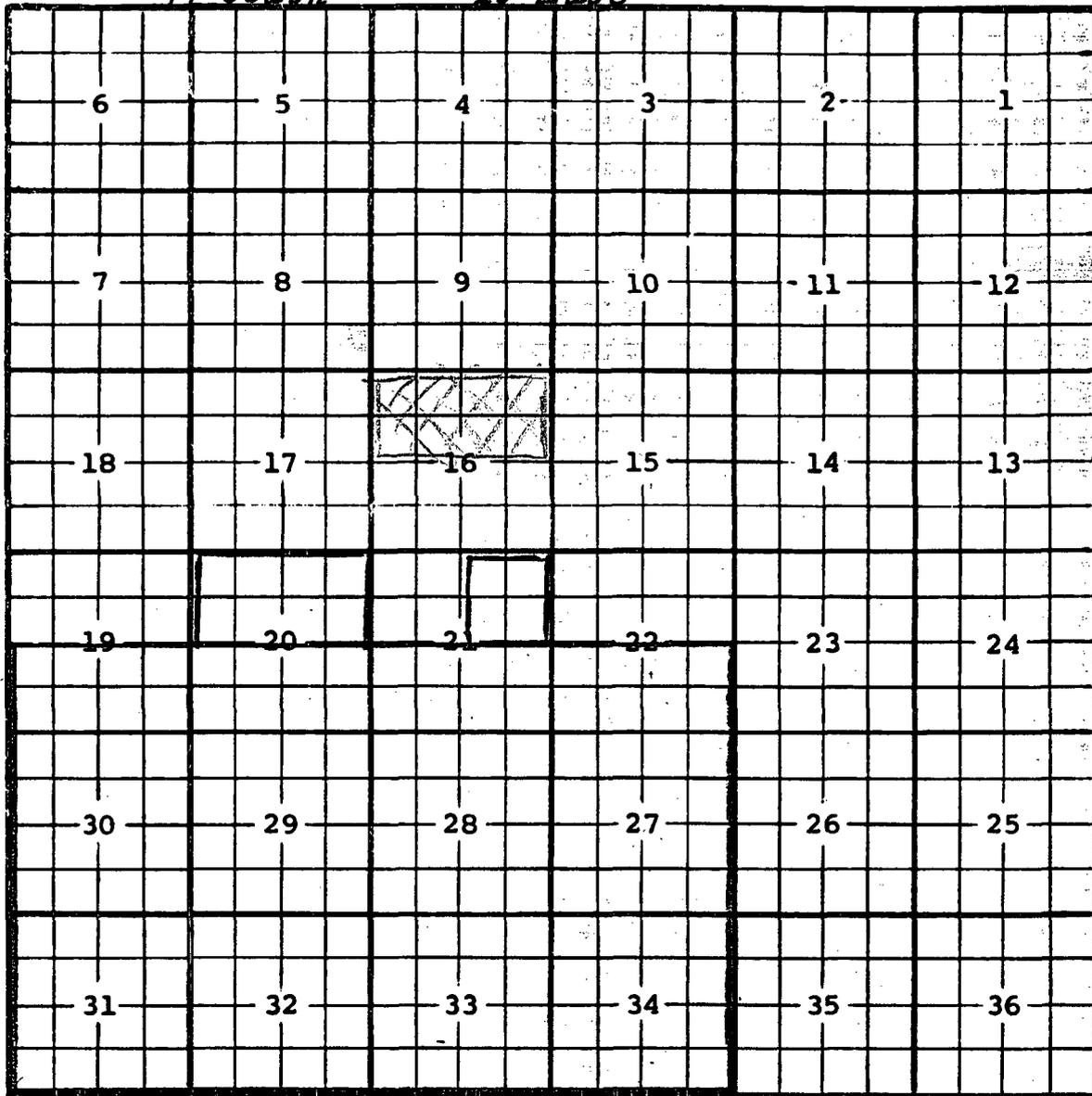
COUNTY *Eddy*

POOL *Empire-Pennsylvanian Gas*

TOWNSHIP *17-South*

RANGE *28-East*

NMPM



Description: 1/2 Sec. 19; 1/2 Sec. 20; 1/2 Sec. 21; 1/2 Sec. 22, 1/2 Secs. 27 thru 34 (R-391, 11-25-53). Special rules rescinded, pool now on statewide spacing (R-5809, 9-20-78) EXT: 1/2 sec 20 (R-7009, 6-19-82) EXT: NE 1/4 Sec. 21 (R-11203, 6-14-99)

No. 11203