

NSL 5/5/99
VANDIVER & BOWMAN, P.C.

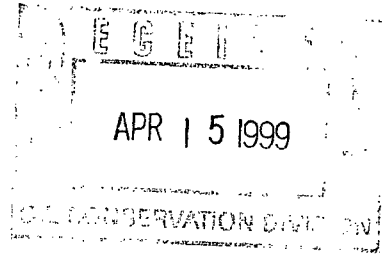
Attorneys at Law

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

DAVID R. VANDIVER
JEFFREY L. BOWMAN

FAX
(505) 746-4208

April 14, 1999



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

Re: Spurck 16 State Com. No. 1 Well
Township 17 South, Range 28 East, NMPM
Section 16: S/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.

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: S/2

containing 320 acres, more or less,

and proposes to drill its Spurck 16 State Com. No. 1 Well at a point located 1,344 feet from the south line and 1,650 feet from the east line of said Section 16 to a depth sufficient to test the Morrow formation, at approximately 10,300 feet. The proposed well is in the Red Lake Morrow Northeast 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 S/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 S/2 of said Section 16 is in NW/4 SE/4 of said Section 16.

5. The proposed location for the Spurck 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 SE/4 and SW/4 SE/4 of said Section 16.

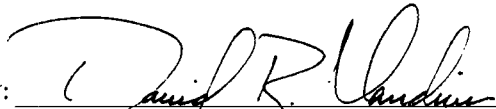
6. The proposed unorthodox location is necessary because there are producing shallow oil wells located 1,650 feet from the south line and 1,650 feet from the east line of said Section 16, and 990 feet from the south line and 1,650 feet from the east line of said Section 16, and there are a number of pipelines located in NW/4 SE/4 of said Section 16 which preclude the Applicant from locating the well at an orthodox location in NW/4 SE/4 of said Section 16. A plat depicting the SE/4 of said Section 16, the existing producing wells in W/2 SE/4 of said Section 16 and the existing pipelines in NW/4 SE/4 Section 16 is attached hereto as Exhibit "B" 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 Spurck 16 State Com. No. 1 Well.

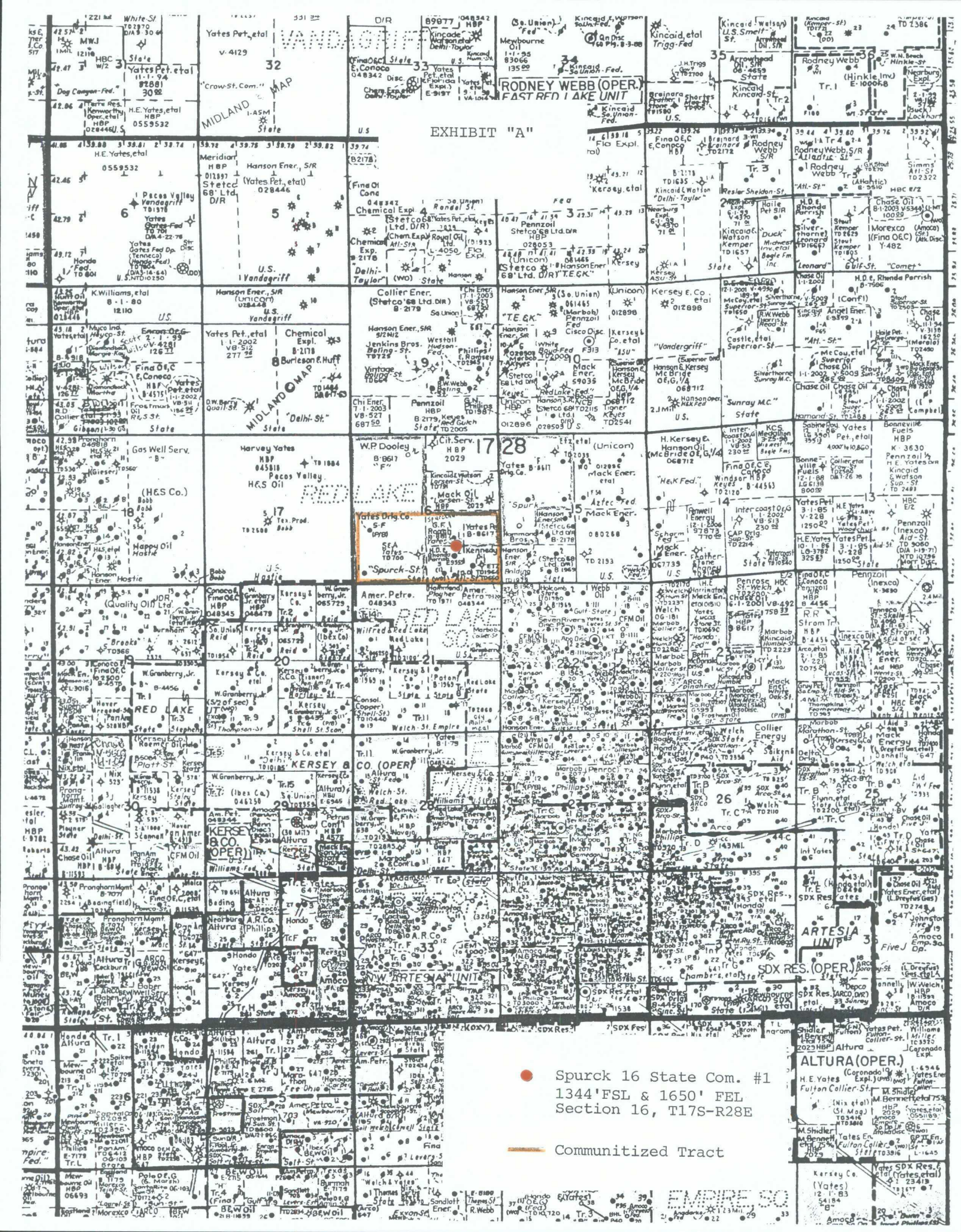
8. The approval of this Application will afford the Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will 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 1,344 feet from the south line and 1,650 feet from the east line of said Section 16, and to dedicate S/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

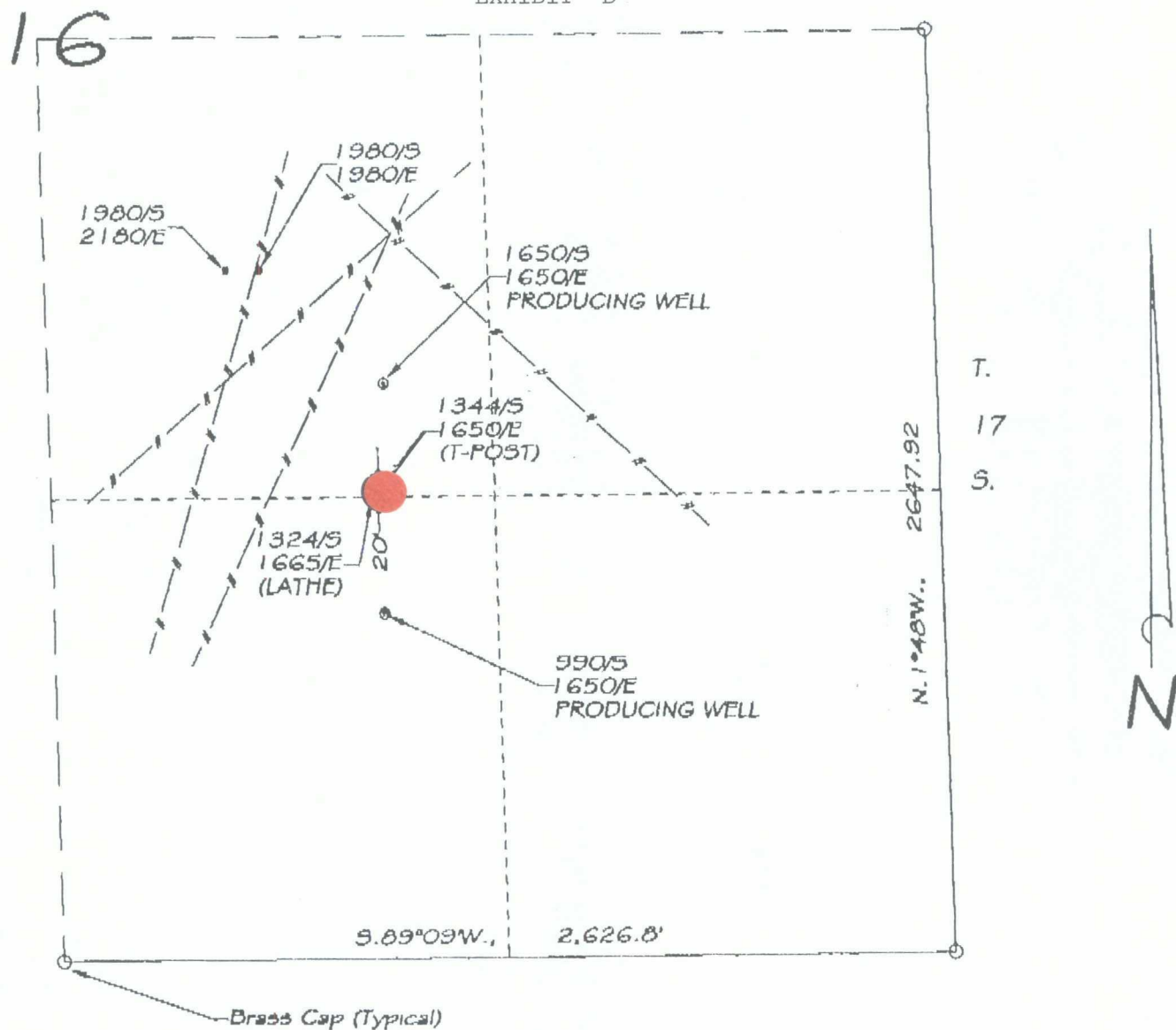
Attorneys for Applicant



SE 1/4 SECTION 16, TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

R. 28 E.

EXHIBIT "B"



Spurck 16 State Com. #1

ATTN: MR. TOBY RHODES

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES R.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

500' 0 500' 1000'
Scale 1" = 500'

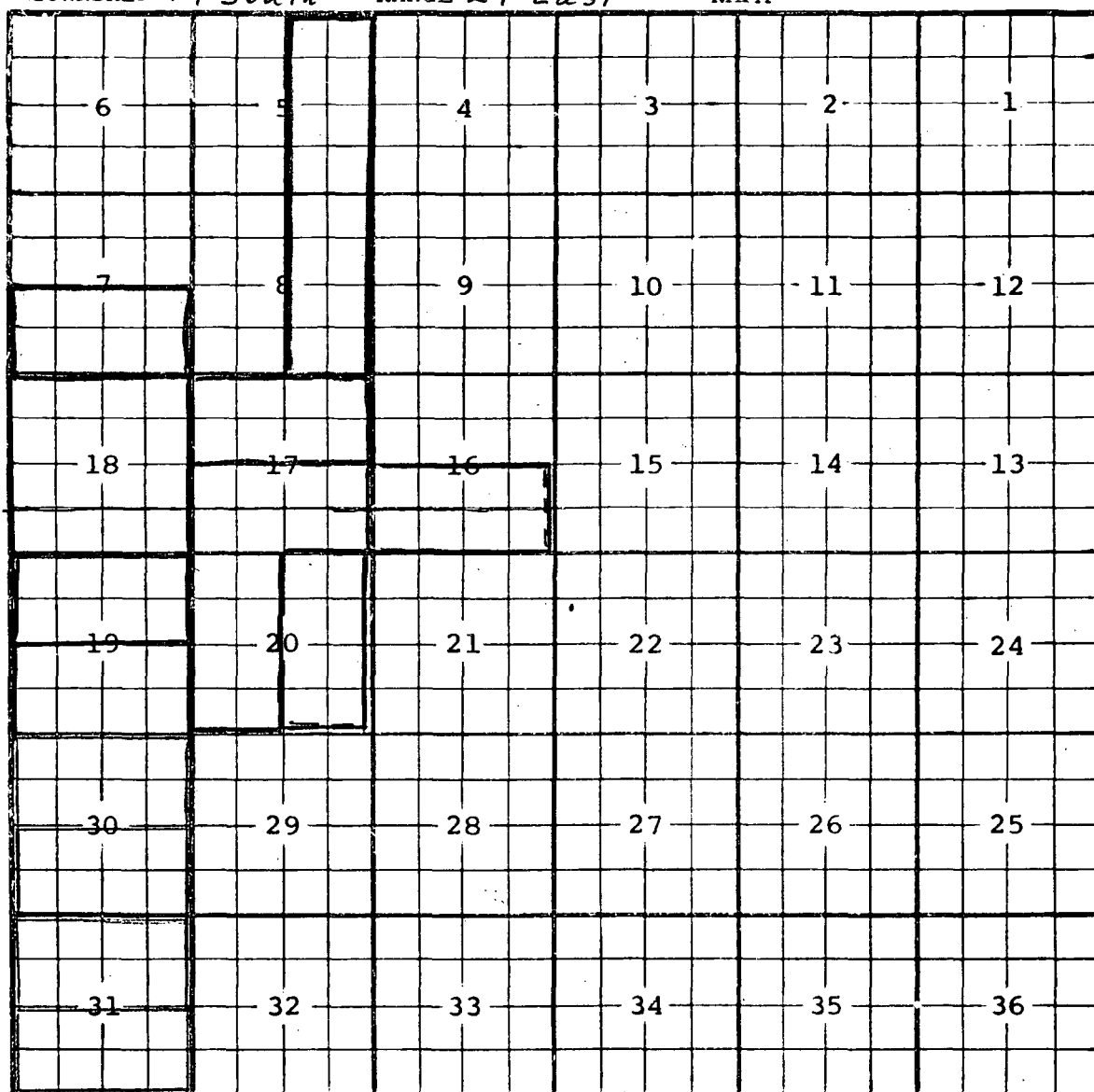
YATES DRILLING COMPANY

SE 1/4 OF SECTION 16, TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO SHOWING EXISTING PIPELINES, PRODUCING WELLS AND PROPOSED YATES DRILLING SPURCK 16 STATE COM. #1 LOCATIONS.

Survey Date: 4/07/99	Sheet of Sheets
Drawn By: Ed Blavins	W.O. Number
Date:	Scale 1" = 500'

COUNTY EddyPOOL South Empire - Morrow GasTOWNSHIP 17 SouthRANGE 29 East

NMPM

Ext: $\frac{5}{2}$ Sec 31 (R-4734, 3-1-74) Ext: $\frac{N}{2}$ Sec 31 (R-4969, 4-1-75)Ext: $\frac{5}{2}$ Sec 30 (R-5511, 9-1-77) Ext: $\frac{N}{2}$ Sec 30 (R-5838, 11-1-78)Ext: $\frac{5}{2}$ Sec 19 (R-6033, 7-1-79) Ext: $\frac{N}{2}$ Sec 19 (R-6170, 11-1-79)Ext: All Sec. 18, (R-6536, 12-1-80) Ext: $\frac{5}{2}$ sec 7, (R-6890, 1-2-82)Ext: $\frac{N}{2}$ sec 17 (R-6994, 5-28-82)Ext: $\frac{5}{2}$ Sec. 17, $\frac{W}{2}$ Sec. 20 (R-8065, 10-31-85) Ext: $\frac{E}{2}$ Sec. 20 (R-9545, 7-1-91)Ext: $\frac{5}{2}$ Sec. 16 (R-9884, 4-26-93) Ext: $\frac{E}{2}$ Sec. 5, $\frac{E}{2}$ Sec. 8 (R-10844, 7-16-97)

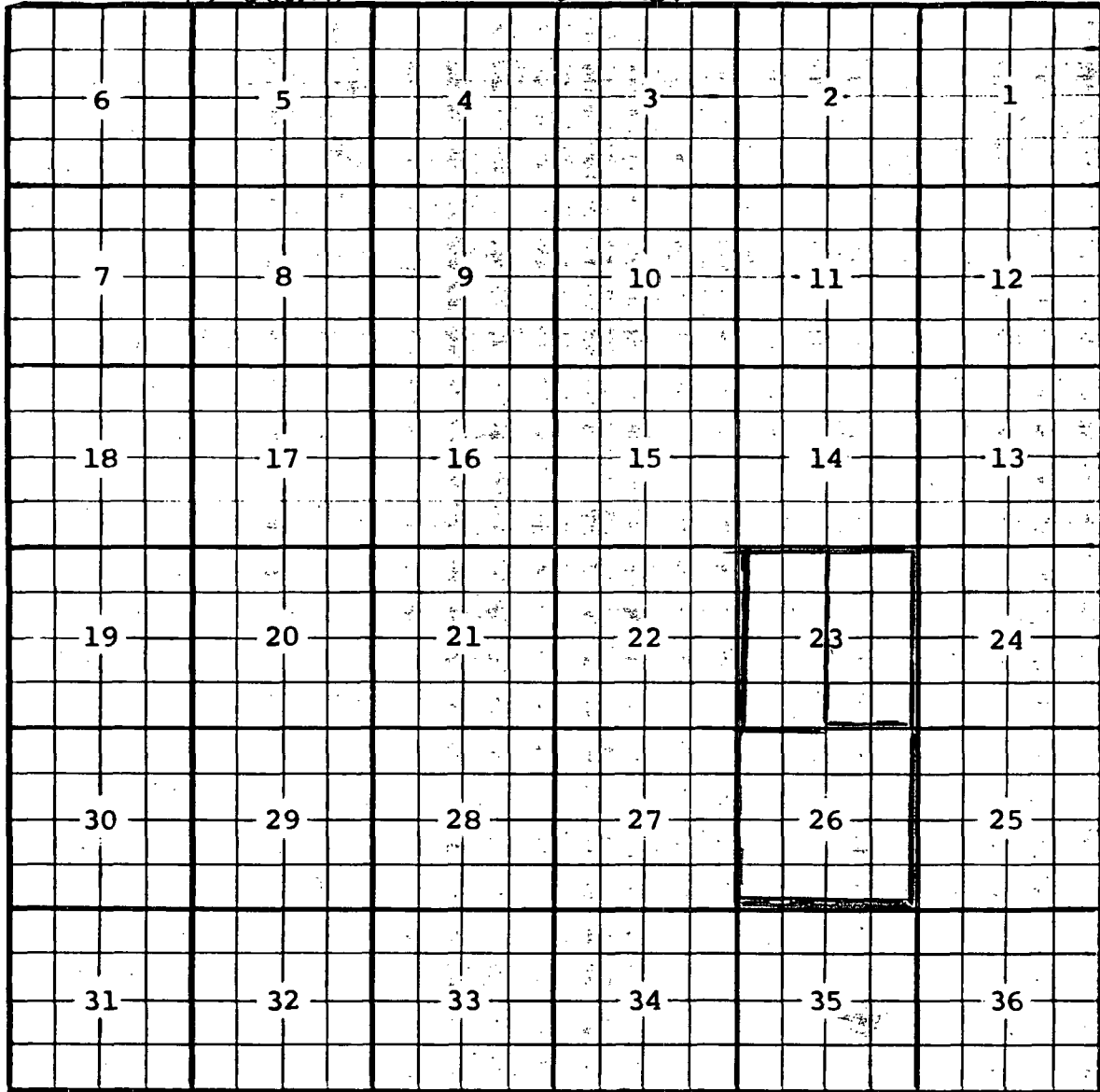
County Eddy

Pool Empire-AtoKa Gas

TOWNSHIP 17 South

Range 28 East

NMPM

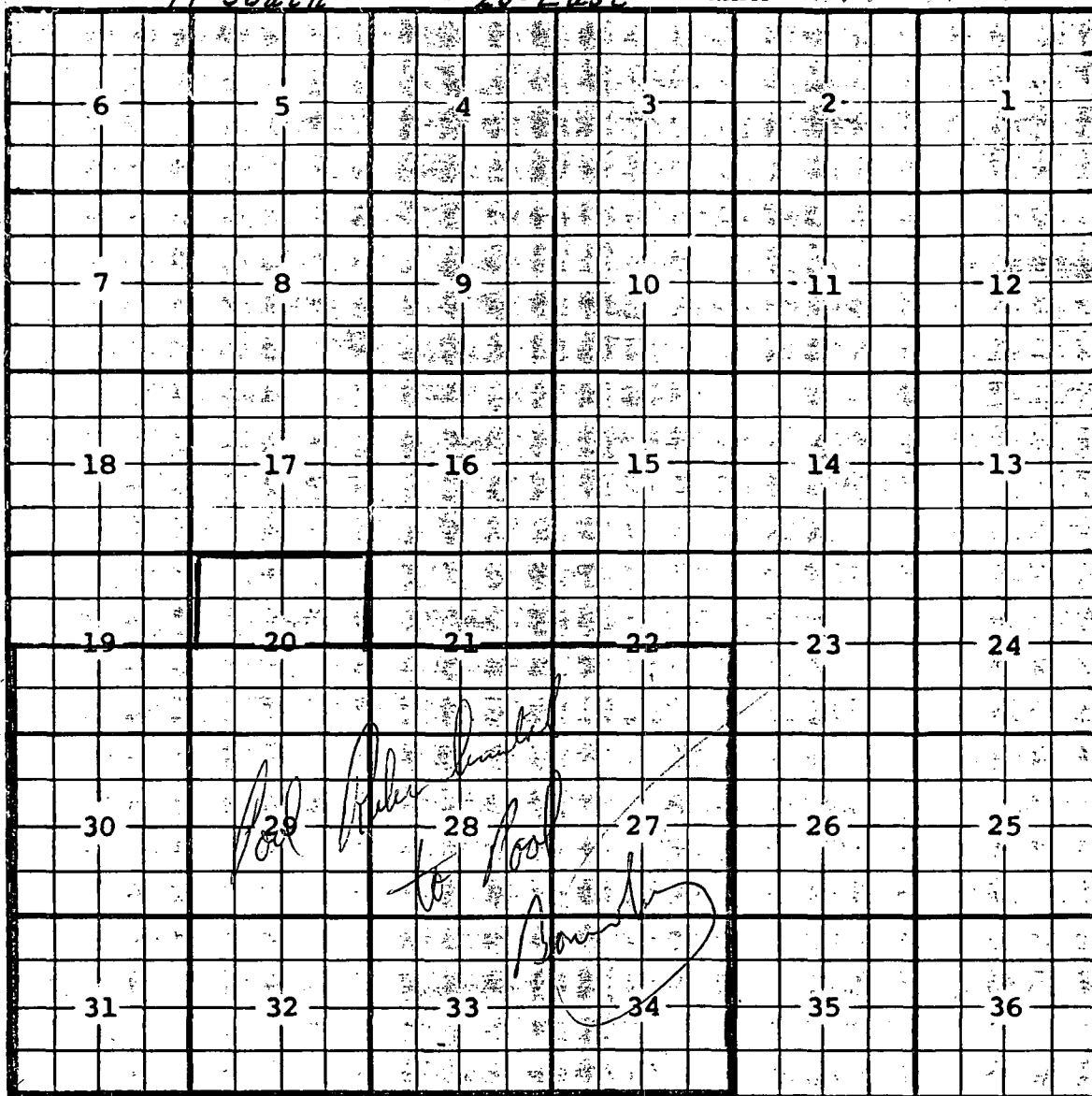


Description: $\frac{E}{2}$ Sec. 23 (R-7372, 10-20-93) Ext: All Sec. 26 (R-8391, 1-22-97)

Ext: $\frac{W}{2}$ Sec. 23 (R-10713, 11-26-96)

COUNTY EddyPOOL Empire-Pennsylvanian GasTOWNSHIP 17-SouthRANGE 28-East

NMPM



Description: $\frac{1}{2}$ Sec. 19; $\frac{1}{2}$ Sec. 20; $\frac{1}{2}$ Sec. 21; $\frac{1}{2}$ Sec. 22, $\frac{1}{2}$ Secs. 27
thru 34 (R-391, 11-25-53). Special rules rescinded; pool now on
statewide spacing (R-5809, 9-20-78) EXT: $\frac{1}{2}$ sec 20 (R-7009, 6-19-82)

17-28

Aid-Morrow Gas 320

Aid Yates-Seven Rivers 40

Artesia Queen-Grayburg-San Andres 40

Grayburg Jackson Queen-Grayburg-San Andres-Seven Rivers 40

West Cave-San Andres 40

Dog Canyon-Strawn Gas 320

Empire-Abo 40

Empire-Atoka Gas 320

South Empire-Morrow Gas 320

Empire-Pennsylvanian Gas 320

Empire-Wolfcamp 40

South Empire-Wolfcamp 80

Empire Yates-Seven Rivers 640

East Empire Yates-Seven Rivers 40

Red Lake-Upper Pennsylvanian 40

Red Lake Queen-Grayburg-San Andres 40

East Red Lake Queen-Grayburg 40

Red Lake-Seven Rivers 40

South Red Lake-Seven Rivers 40

Vandagriff Keyes-Queen Gas 160

North Empire-Atoka Gas 320

Date:

Order No. 8

Empire-Yeso 40

North Empire-Abo 40

Red Lake-Morrow Gas 320

Anderson-Wolfcamp 40

CMD : ONGARD 04/16/99 08:45:40
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPWC

OGRID Idn : 25513 API Well No: 30 15 30561 APD Status(A/C/P): A
Opr Name, Addr: YATES DRILLING CO Aprvl/Cncl Date : 01-22-1999
105 S 4TH ST
ARTESIA,NM 88210

Prop Idn: 24127 SPURCK 16 STATE COM Well No: 1

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	---	---	-----	-----
Surface Locn :	J	16	17S	28E			FTG 1980 F S	FTG 2180 F E
OCD U/L :	J		API County :	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 3571

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 10300 Prpsd Frmtn : MORROW

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION04/16/99 08:44:35
OGOMES -TPWC
PAGE NO: 1

Sec : 16 Twp : 17S Rng : 28E Section Type : NORMAL

D 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ	C 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ A	B 40.00 CS X02029 0062 12/34 OXY USA INC	A 40.00 CS X02029 0062 12/34 OXY USA INC
E 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ	F 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ	G 40.00 CS X02029 0067 12/34 MACK C. CHASE, TR	H 40.00 CS X02029 0067 12/34 MACK C. CHASE, TR P

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION04/16/99 08:44:49
OGOMES -TPWC
PAGE NO: 2

Sec : 16 Twp : 17S Rng : 28E Section Type : NORMAL

L 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ A	K 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ	J 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ A A	I 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ
M 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ A	N 40.00 CS B08617 0001 04/50 GOLD FIELDS MININ	O 40.00 CS E09359 0000 09/65 ATLANTIC RICHFIEL A A A	P 40.00 CS E09359 0000 09/65 ATLANTIC RICHFIEL

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12