CASE 5733: YATES PETROLEUM CORP. FOR AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO.

5733

APPlication, Transcripts, Small Exhibits,

ETC.

Page	1	

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico August 18, 1976

EXAMINER HEARING

IN THE MATTER OF: Application of Yates Petroleum Corpora-CASE tion for an unorthodox location, 5733 Eddy County, New Mexico.

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil William F. Carr, Esq. Conservation Commission: Legal Counsel for the Commission

State Land Office Building Santa Fe, New Mexico

For the Applicant: Joel M. Carson, Esq.

LOSEE & CARSON, P.A. Attorneys at Law

300 American Home Building Artesia, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Dana	2	
Page	4	

INDEX

		Page
	RAY BECK	
I	Direct Examination by Mr. Carson	3
ļ	Cross Examination by Mr. Stamets	7

EXHIBIT INDEX

	Offered	Admitted
Applicant's Exhibit One, Land Plat	4	7
Applicant's Exhibit Two, Map	5	7
Applicant's Exhibit Three, Cross Section	6	7

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

7

8 9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MR. CARR: Case 5733, application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico.

MR. CARSON: Mr. Hearing Officer, my name is Joel Carson, Losee and Carson, P.A., Artesia, representing the applicant, Yates Petroleum Corporation, I have one witness, Mr. Ray Beck, who has previously been sworn.

MR. STAMETS: Let the record reflect that this witness has been sworn.

RAY BECK

called as a witness, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CARSON:

- Would you state your name, please? Q.
- Ray Beck. A.
- Mr. Beck, you are the same person who previously testified in Case 5732, are you not?
 - A. Yes.
 - And your address is Artesia, New Mexico,
 - That is correct. A.
 - You have previously testified before the Commission

sid morrish reporting service
General Court Reporting Service
Calle Mojia, No. 122, Santa Fe, New Mexico 87501

and your credentials have been admitted?

A. That's right.

MR. CARSON: Is the witness satisfactory for this case?

MR. STAMETS: Yes.

Q (Mr. Carson continuing.) Would you please state the purpose of your application, Mr. Beck?

A. In Case 5733 Yates Petroleum Corporation seeks approval of the unorthodox Morrow gas well location of the No. 1 Jackson GM to be drilled six hundred and sixty feet from the south and sixteen hundred and fifty feet from the west line of Section 24, Township 17 South, Range 25 East, Eddy County, New Mexico. The west half of said Section 24 would be dedicated to the well.

Q. Mr. Beck, would you refer to Applicant's Exhibit
Number One and explain that to the Hearing Officer, please?

A. Exhibit Number one is a land plat showing the proposed location and its relationship to the surrounding acreage and it outlines the west half of Section 24.

Q. Was this exhibit prepared by you or under your supervision?

A. It was prepared by me.

Q. I refer you to Applicant's Exhibit Number Two and ask if this map was prepared by you or under your supervision?

A. Exhibit Number Two was prepared by me.

Would you explain to the Hearing Officer what that
 exhibit purports to show?

A. Exhibit Number Two is a map showing with solid contours the varying thickness of the interval between the top of the Morrow clastics and the Post-Chester limestone unconformity. The Post-Chester limestone unconformity lies above the Chester limestone except in those areas where erosion has cut down to the Chester limestone.

The solid contour thicks indicate areas of greater erosion prior to the deposition of Morrow clastics in this area near the Morrow sub-crop. It is also within these thicks that are found the thicker more productive Morrow channel sands.

The Yates Arco EC No. 1 in the north half of Section 36, of 17, 25 lies within the thick and they encountered thirty-nine feet of Morrow channel sand which yielded initial production of fifteen million cubic feet of gas per day.

To the north-northeast, the Yates Jackson EM in the southwest of the southeast of Section 25, 17-25 lies even more actually within the thick and encountered eighty-eight feet of Morrow channe! sand which yielded an IP of eleven point five million some few months after the Arco EC was put on production.

The Western Oil Flint No. 2 in the southeast of the southwest of the same section lies just on the edge of

the thick and encountered only twenty or twenty-five feet of tight, dirty channel edge cand.

To the north the Yates Akins-Fry in Section 13 of 17-25 lies in or close to the thick but this well near the sub-crop edge found only tight, dirty sand.

A number of other wells lying outside of the thick have not encountered Morrow channel sand.

The proposed location of the Jackson GM is positioned where we now interpret the thick to cross the west half of Section 24 and thereby has the best chance of encountering the more productive, efficient Morrow channel sand.

Also shown on Exhibit Two are dotted contours showing the structural configuration of the top of the Morrow clastics in the location of cross section AA prime.

- Q. Referring to Applicant's Exhibit Number Three, was this exhibit prepared by you or under your supervision?
 - A. It was prepared by me.
- Q. Would you please explain to the Hearing Examiner what this exhibit would purport to show?
- A. Exhibit Number Three is a cross section hung on the top of the Morrow clastics, showing in transverse section the map interval of the previous exhibit, the pertinent correlations and the depth dimension to the previous exhibit.
 - Q. Mr. Beck, in your opinion would the granting of

sid morrish reporting service

this application afford the applicant the opportunity to produce his just and equitable share of gas, prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk from the drilling of unnecessary wells and otherwise protect correlative rights and prevent waste?

A. I do.

MR. CARSON: Mr. Examiner, I would like to move the introduction of these three exhibits.

MR. STAMETS: These exhibits will be admitted.

(THEREUPON, Applicant's Exhibits One
through Three were admitted into evidence.)

MR. CARSON: I have no further questions of this witness.

CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Beck, why is it necessary to locate this

Jackson GM at an unorthodox location instead of an orthodox

location?

A. Well, the lesson of the Yates Akins-Fry in Section 13, it seems that in that well there we encountered a thick but the sands were dirty and tight so we are trying to stay away from this phenomenon which seemed to occur near the sub-crop edge and get closer to channel production that

	_	
Page	8	

has been established to the south.

MR. STAMETS: Any other questions of the witness?

He may be excused.

(THEREUPON, the witness was excused.)

MR. STAMETS: Anything further in this case? We will take the case under advisement.

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

I do hereby certify that the foregoing 1: a complete record of the proceedings in the Examiner hearing of Case No. 5733

New Mexico Oil Conservation Commission Examiner



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501



DIRECTOR JOE D. RAMEY

LAND COMMISSIONER PHIL R. LUCERO September 1, 1976 EMERY C. ARNOLD

Mr. Joel Carson Losee & Carson	Re:	CASE NO. ORDER NO	5733 R-5267
Attorneys at Law Post Office Box 239 Artesia, New Mexico 8821	0	Applican	t:
		Yates P	etroleum Corporation
Dear Sir:			
Enclosed herewith ar Commission order rec	•		
Yours very truly, JOE D RAMEY Direct. 7			
JDR/fd			
Copy of order also s	sent to:	•	
Hobbs OCC x			\
Artesia OCC X Aztec OCC			
Other			

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 5733 Order No. R-5267

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>3]st</u> day of August, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Jackson GM Well No. 1 to be drilled 660 feet from the South line and 1650 feet from the West line of Section 24, Township 17 South, Range 25 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.
- (3) That the W/2 of said Section 24 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

-2-Case No. 5733 Order No. R-5267

IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Yates Petroleum Corporation Jackson GM Well No. 1, to be located at a point 660 feet from the South line and 1650 feet from the West line of Section 24, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.
- (2) That the W/2 of said Section 24 shall be dedicated to the above-described well.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

SEAL

Dockets Nos. 24-76 and 25-76 are tentatively set for hearing on September 1 and 15, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: FXAMINER HEARING - WEDNESDAY - AUGUST 18, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for September, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 5731: Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blinebry, Drinkard, and Tubb production in the wellbore of its C. H. Lockhart Federal Well No. 6 located in Unit G of Section 18, Township 22 South, Range 38 East, Lea County, New Mexico.
- CASE 5725: Application of General American Oil Company for extension of time for temporary abandonment, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks extension of time for temporary abandonment of certain wells in Eddy County, New Mexico, said wells being described as follows:

Township 16 South, Range 29 East:
Brewer Nos. 19 and 28 in Section 12; Brewer Nos. 11, 12, 14, 24, and 25 in Section 13; Brewer Nos. 3, 4, 5, 17, 18, 20, 21, 23, and 27 and Bosworth Nos. 1, 2, 3, and 4 in Section 14; and Nunlee Nos. 4, 5, and 6 in Section 35;

Township 16 South, Range 30 East: Sivley No. 3 in Section 8;

CASE 5733:

Township 17 South, Range 29 East:
Keely "C" Nos. 10, 12, 18, 20, 25, and 37 in Section 25; Grayburg D. U. No. 5 in Section 25;
Keely "B" No. 15 in Section 26; Green "A" Nos. 1 and 4 in Section 29; and State B1778 Nos. 1
and 3 and State B4458 No. 2 in Section 36;

Township 17 South, Range 30 East:
Burch "A" Nos. 23 and 24 in Section 19; Dexter "E" No. 2 in Section 20; Parke "E" No. 2 in Section 22; Maddren "B" Nos. 6 and 9 in Section 27; Beeson A No. 2 in Section 28; Beeson "F" No. 9 in Section 29; Grayburg D. U. Nos. 4 and 6 in Section 30; Beeson "F" Nos. 1, 3, 4, 5, 6, 12, 13, 14, and 16 in Section 31; State B4108 No. 1 in Section 32; and Arnold "D" Nos. 8 and 9 in Section 34.

Three of the above wells are undesignated and the others are variously located in the High Ionesome, West Square Lake, Grayburg Jackson, Loco Hills, and West Henshaw Premier Pools.

CASE 5732: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks authority to commingle Morrow and Strawn production in the wellbore of its Roden Federal GD Well No. 1 located in Unit I of Section 23, Township 19 South, Range 24 East, Eddy County, New Mexico.

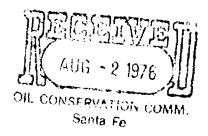
Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Jackson GM Well No. 1 to be drilled at a point 660 feet from the South line and 1650 feet from the West line of Section 24, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the W/2 of said Section 24 to be dedicated to the well.

Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its
Federal GL Well No. 1 to be drilled at a point 660 feet from the South and West lines of Section
33, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the
\$5/2 of said Section 33 to be dedicated to the well.

Application of Yates Petroleum Corporation for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purposes of treating and reclaiming sediment oil at a site in the SE/4 of Section 25, Township 18 South, Range 25 Fast, Eddy County, New Mexico.

to the second of the second se	03.	Tributer of the state of the st	The state of the s		Sec. 2.10 (3.19)
CORPORATION OF THE CORPORATION O	the first of the state of the s	Carlo for early large to the control of the control			in the same of the same
senson(s) 5 Printer erorg 31 Suddentill upon Yotes Per. Totes printing erord Grand Ostanos		Section of Acres of A	Hon then	The state of the s	
TrotesPet etc. 12 to 26 13 to 26 14 to 26 15 to 16 to 26 15 to 16 to 26 15 to 26	Chaldren of Services	1071 US W 10077	matter Co ex	Partie Committee	The second of th
Hesser of the AIRPORTISTED AIRPORTISTED AIRPORTISTED AIRPORTISTED AIRPORTISTED AIRPORTISTED AIRPORTISTED AIRPORTISTED AIRPORT AIRPORTISTED AIRPORTIS	Veleo Per	(3) (2) (3) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	16 16 16	Age Sanger on the	(3)
Yares (arespect	WO WAS CONTRACTOR	Sympathy Tree Co.	\$ 22 20 100 A	Agent a same a sing	100 mg 10
Vicence Charleton Constanting	The per 199 Fee	Manager of Section 1	Trained of the state of the sta	Timb link On I	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
W. V.	A winner ou bestell for	Treme Come Party Party State		TESIA	Fredrich Parag
Votes Pern. Services	Total Pet Carefres ON	Passing Notes Pet. 14.5. March 1955 Year 1955 Year 1955 Sarrep 1 Mrs & Groops 6 576 Sarrep 1 Mrs & Groops 6 576	18	Yores Cet	200 16 1 12 12 12 201
Types Pet North and Types	A STATE OF THE STA	Section Sect	South and the second se	Yate:	in the second second
Mulettend A CBY TO Yaterero La Caralla	10 (Surement) (Variable Surement) (Variable Su	Cry of Artes of 2 with C.f. Historiak & L. Horger Yotes Fel. 21 wood only	J. Chemplings Committee)ny 1986	EH Word
8 6 Yerres Des. 7	Gasteris Set Corners	Witchell Pel State Of the Witchell Pel State	Yorks York	Parmer Samer Carrier C	
The state of the s	Tales Pet. Tales Petr. Petr. Petr. J M Jeckson Petr. P	Western C.I to 8907' Yofes Pet. etal 3 - 16 - 78 12 - 18 - 76 5 - 25 - 84	721330	Coquino OS Venefre Kills 1 7 27-78 Lefons L. Feners 1 4 8 decabases	
Totes Pet, elot 5 - 13 - 79 U.S. Yotes Pet, etol	Yoles Petietol	Flint 25 En Stewart As Casoure Yates Pat Ventures Ventures Estado Trates Estados	ALLEN Net Jonetol 30 Letrage & 2.	Evelyn Waganer, etal, M.I	CAL CENTROL CONTROL CO
Forb. B. Foregon Votes Pet. etc. Policy Pet. etc. Policy Pet. etc. Policy Pet. etc. Policy Pet. etc.	Yates Pet, etal Street Yates Pet etal	S Corson, M. FE 40/10/0 2 Annow Find W Jockson	Atoko Zing Pet Schurb Prod is Disc. Su 6841 8 78 78 6 Gran Coprey Artis 1800 015	Tores Cists Amoro 3-7-10 VI. Service Fort Celling	Ereigh Single Process And Control of Albanda Single Process Single
Powell 1 0590 M.Yofe's LO.Y. 7/A1765	"Nonseau" E Venseau E Venseau E Venseau E Sefisiunier	Tales Pet, eta:	Common Co	1	Yates
eickissinger Sowers' Date France	darlin Vates, etal Vates Pet etal 23 - 78 Dual Worker Park 1	≇:tc **	993; 3 Yotes Pet.	Sherest 32 6 1 25 Sherest 32 6 1 25 Sherest Steed Patter Fleed Sherest 6 4 2010 for D Steenson 113 12 11 19 2.24 80	Yates Sanneda
25.78 3-14.78 (3.6.78 (3.6.78 17.19.78 A	Superior	(Superior) (Bengal 12-BFund)	(Yates Pet)	F Composite 2 80	er V
moders moles 11.1.82 14757	GEJohnson O. Rogers etoksi Malcol 2 Nut Yent Nelly 32546 S E Johnson	Mun. Dies. Caguna # Evil (S) Program. E W E 100 cm b	*** '	Yotes Fet Script Fill Smin Fres.	Caren I Care Mara da la
Ameco 1-1-12 14757 */akin U.S. \$	U.S. Colores transfor water transformers Colored Adding Survey Survey Colored	5 5 M.; F 97	VIS. Votes Pet Votes Pet To 17-75 Paul N Group Wes C 8 Smith	Str. Cisc B-1-79 (12) C-3-17-35 S.D. Vision and Cisc Activities an	Sorteo C
otes Pot. Amoco 2 - 16 - 18 (ii) C.B. rescalar	0. Fosken 3 · 1 · 82 14 935	M O W (No 7) a zeza (Paul H. Gray White G. Smith	FOR JOHN WATER CONTROL OF THE CONTRO	MA IS
TES Drig 1/2 TISTES Dr	Yates Per Pennzoil Bi	engal,etal (Bengal,etal)	TO THE TANK AND PARENTS	8 277	Est, etgl. Est, etgl. ZR Look esting a Borne Reading & Br. To 2017
Pole Ropers Lotts 18 Serv. 10. 10 Francisco	Constant Constant	Supplies Sup	B FORE EX	WAIKING CTANGET	Od moto
La Noses Comme	CataCisc	Process of the second	(C)-11-20-3	TION COMMISS	Amoco 11-19-78 23 L
4 00 76 6 - 12 - 13 (12/61/6) 5 - 8 - 71 (4 15 7)		5 A		Capacity to proceed the state of the state o	16
Total Resident States Net 1 (1977) 1971 1971 1971 1971 1971 1971 1971	(1804.34): Printed Phines 1 1 1 1 1 1 1 1 1	eteterment V	4 Street to Concept 187	Mary Is entropy (15)	
	1999 (19 de 1993 . 1692)	A Summer of the	See Committee Co	16. 70	
10.00	· · · · · · · · · · · · · · · · · · ·	n Yakarikan Katesa 👪		Act to a contract	



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE NO. 5733

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof, respectfully states:

1. That applicant is the operator of the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 24: W/2,

and proposes to drill its Jackson "GM" No. 1 well located 660 feet from the South line and 1,650 feet from the West line of said Section 24.

- 2. That applicant seeks an exception to the well location requirements of Rule 104-C II(a) of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation in the Pennsylvanian system.
- 3. That a standard 320-acre gas proration unit comprising the W/2 of said Section 24 should be dedicated to such well or such lesser portion thereof as is reasonably shown to be productive of gas.

4. That the approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting to applicant permission to drill a well 660 feet from the South line and 1,650 feet from the West line of said Section 24, and to dedicate that portion of the W/2 of said Section 24 which is reasonably presumed to be productive of gas.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

LOSEE CARSON, P.A.

P. O. Drawer 239

Artesia New Mexico 88210

Attorneys for Applicant

DEFORE THE OIL CONSERVATION COMMISSION

STATE OF HEW MUXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLIUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE NO. 5733

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof, respectfully states:

1. That applicant is the operator of the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 24: W/2,

and proposes to drill its Jackson "GM" No. 1 well located 660 feet from the South line and 1,650 feet from the West line of said Section 24.

- 2. That applicant seeks an exception to the well location requirements of Rule 104-C II(z) of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation in the Pennsylvanian system.
- 3. That a standard 320-acre gas proration unit comprising the W/2 of said Section 24 should be dedicated to such
 well or such lesser portion thereof as is reasonably shown to be
 productive of gas.

4. That the approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting to applicant permission to drill a well 660 feet from the South line and 1,650 feet from the West line of said Section 24, and to dedicate that portion of the W/2 of said Section 24 which is reasonably presumed to be productive of gas.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

LOSEE & CARSON, P.A.

P. O. Drawer 239

Artesia New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION STATE OF HER MEXICO

IN THE HATTER OF THE APPLICATION OF YATES PETROLIUM CORPORATION FOR AN UNORTHODOX CAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE NO. 5733

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof, respectfully states:

1. That applicant is the operator of the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 24: W/2,

and proposes to drill its Jackson "GK" No. 1 well located 660 feet from the South line and 1,650 feet from the West line of said Section 24.

- 2. That applicant seeks an exception to the well location requirements of Rule 104-C II(a) of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation in the Pennsylvanian system.
- 3. That a standard 320-acre gas proration unit comprising the W/2 of said Section 24 should be dedicated to such well or such lesser portion thereof as is reasonably shown to be productive of gas.

4. That the approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting to applicant permission to drill a well 660 feet from the South line and 1,650 feet from the West line of said Section 24, and to dedicate that portion of the W/2 of said Section 24 which is reasonably presumed to be productive of gas.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

LOSEE & CARRON, P.A.

P. O. Drawer 239

Artemia, New Mexico 88210

Attorneys for Applicant

dr/ \sqrt{

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO 5733
Order No. R- 5267
APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.
ORDER OF THE COMMISSION
BY THE COMMISSION:
This cause came on for hearing at 9 a.m. on <u>August 18</u> , 19 76, at Santa Fe, New Mexico, before Examiner <u>Richard L. Stamets</u> .
NOW, on this day of August, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,
FINDS:
(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
(2) That the applicant, Yates Petroleum Corporation seeks for its Jackson GM Well No. 1 to be drilled approval of an unorthodox gas well location/ 660 feet from the South
line and 1650 feet from the West line of Section 24, Township
17 South , Range 25 East , NMPM, to test the
Morrow formation, Poot,
Eddy County, New Mexico.
(3) That the $\frac{W/2}{}$ of said Section $\frac{24}{}$ is to be dedicated to the
well.
(4) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.
(5) That no offset operator objected to the proposed unorthodox
location.

-2-		
Case	No.	
Order	No.	R-

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 ORDEPED:

(1) That an unorthodox gas well location for the Morrow the Yates Petroleum Corporation Jackson GM Well No. 1, formation is hereby approved for axwedy to be located at a point 660
feet from the South line and 1650 feet from the West
line of Section 24 , Township 17 South , Range 25 East
NMPM,
New Mexico.

- (2) That the $\frac{W/2}{}$ of said Section $\frac{24}{}$ shall be dedicated to the above-described well.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

Yater Retrobum opporation

unorthodox location

Jackson GM #1

Monow Test W/2