CASE 6284: HARVEY E. YATES COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION



JERRY APODACA GOVERNOR NICK FRANKUN GEORETARY

August 25, 1978

POST OFFICE BOX 2008 BTATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 07501 (505) 827-2434

Re: Mr. Robert Strand Attorney at Law P. O. Box 1933 Roswell, New Mexico 88201

Applicant:

ORDER NO. R-5790

CASE NO.

Harvey E. Vates Company

6284

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly, JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	X
Artesia OCC	X
Aztec OCC	

Other

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO₃ 6284 Order No. R-5790

APPLICATION OF HARVEY E. YATES COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 2, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of August, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, seeks approval of an unorthodox gas well location for its Welch "A" Well No. 1 at a point 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.

(3) That the W/2 of said Section 9 is to be dedicated to the well.

(4) That said unorthodox location results from the re-entry and proposed deepening of an old well previously drilled to the Strawn formation.

(5) That no offset operator objected to the proposed unorthodox location.

-2-Case No. 6284 Order No. R-5790

dr/

(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 arigin 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:

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That an unorthodox gas well location for the Morrow formation is hereby approved for the Harvey E. Yates Company Welch "A" Well No. 1 located at a point 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the W/2 of said Section 9 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 Division may deem DONE at Santa Fe, New Mexico, on the day and year hereinnecessary.

above designated.

STATE OF NEW MEXICO OIL CONBERVATION DIVISION RAMEY

JOE D. Director

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1 Page STATE OF NEW MEXICO 1 ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION State Land Office Building 3 Santa Fe, New Mexico 2 August 1978 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of Harvey E. Yates Company for an unorthodox gas 8)CASE 6234 well location, Eddy County, New 9 Mexico. 10 BEFORE: 11 Daniel S. Nutter 12 13 TRANSCRIPT OF HEARING 14 15 APPEARANCES 16 For the Oil Conservation Lynn Teschendorf, Esq. Division: Legal Counsel for the Division 17 State Land Office Building Santa Fe, New Mexico 87501 18 19 For the Applicant: Robert Strand, Esq. Roswell, New Mexico 88201 20 21 22 23 24 25

SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER labop's Lodge Road - Phone (505) 988 Santa Fe, New Mexico 87501 Santa Fe, New Mexico 87501



Page 3 MR. NUTTER: Call next Case 6234. 1 MS. TESCHENDORF: Case 6284. Application of 2 Harvey E. Yates Company for an unorthodox gas well location, 3 Eddy County, New Mexico. 4 MR. STRAND: Mr. Examiner, my name is Robert 5 Strand and I'm the attorney for Harvey E. Yates, the 6 Applicant in this case. We have one witness, Mr. Andrew 7 Lattu, who needs to be sworn. 8 MR. NUTTER: Where are you from, Mr. Strand? 9 10 MR. STRAND: Roswell. BOY 11 MR. NUTTER: All right. ALTON 12 (Witness sworn.) 13 ANDREW LATTU 14 being called as a witness and having been duly sworn upon 15 his oath, testified as follows, to-wit: 16 17 DIRECT, EXAMINATION 18 BY MR. STRAND: 19 State your name, please. 20 Q. Andrew Lattu. I'm a geologist for Harvey E. A. 21 Yates Company. I work out of Midland. 22 Mr. Lattu, have you testified before the 23 Q. Commission in the past? 24 25 Yes, I have. A.

Q. Are your qualifications a matter of record before this body?

A. Yes, they are.

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SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTED

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MR. STRAND: Are those qualifications acceptable, Mr. Examiner?

MR. NUTTER: Yes, they are. Please proceed. MR. Lattu, would you explain briefly the purpose of the application of Harvey E. Yates Company in this case?

A. We would like to re-enter and drill deeper the Defco No. 1-A Welch, which is in the northwest northwest of Section 9, Township 18 South, Range 29 East of Eddy County, New Mexico. The purpose of drilling deeper is to test the Upper and Lower Morrow Sands. The approximate total depth will be 11,200 feet.

Q. Where is the existing well located?
A. Its location is 480 feet from the north line
and 500 feet from the west line of Section 9.

Q. In this application, Mr. Lattu, have we asked that the west half of Section 9 be dedicated to this well?
A. We have.

Q And is the location of the well an unorthodox location under the rules of the Commission for that spacing?

Yes, it is.

A.

Q Mr. Lattu, have you prepared a series of exhibits for presentation to the Commission?

Yes, I have.

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Q. Will you please explain briefly Exhibit One?
A. Exhibit One is a land plat. The red arrow
shows the location of the dry hole we propose to re-enter
and drill deeper, and this shows the relation of the proposed test to surrounding acreage and production.

Q. Would you please explain briefly Exhibit Two?
A. Exhibit Two is a geologic structure map contoured on the top of the Lower Morrow Sands. This shows essentially a southeast dip. It shows the proposed test is located structurally up-dip to two dry holes nearby.
They are dry holes in the Morrow, and also shows the outline of cross section AA prime, which is Exhibit Number Three.

Q. Would you go ahead and explain Exhibit Number Three, also?

A. Exhibit Three is a stratigraphic cross section, running essentially west to east. It shows the well we plan to re-enter as the third well on this cross section. The second well is located to the west, slightly to the southwest of this proposed re-entry. That well is the Defco No. 1 Welch Federal, which is located in Section 8 of Township 18 South, Range 29 East. That well by both

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logs and DST found no evidence of productive Morrow Sands in the Morrow section.

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The next well, No. 4, on the other side of our proposed re-entry is the Defco No. 1 Loco Hills, which is also located in Section 9, Township 18 South, Range 29 East. This well shows some fairly thin sands by logs with porosity and some indication of permeability and low water saturation. A DST over the interval 10,770 feet to 835 feet, had gas to surface in ten minutes at the rate of 92,432 cubic feet of gas per day, which decreased to 53,200 cubic foot of gas per day through one-quarter inch choke.

Recovery was 218 feet of gas-cut mud. Initial shut-in pressure was 4389 pounds after one hour, and a four-hour final shut-in pressure of 4569 pounds.

Another DST in the Lower Morrow section was open one hour and forty-five minutes, recovered 465 feet of drilling mud. The sample chamber recovered 10.29 cubic feet of gas and 700 cc of drilling fluid at a pressure of 450 pounds.

One hour initial shut-in pressure was 6396 pounds and a one hour final shut-in pressure was 6260 pounds.

The pressures on these two DST's and an indication of thin sands on logs indicated to me that this

SALLY WALTON BO FRITIFIED SHORTHAND REPOR DOP'S LODGE ROAD + PINCAE (500 Santa Fo, New Mexico 87500 Santa Fo, New Mexico 87500 2

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well is located very close to productive Morrow Sands. No completion attempt was made on these sands by Defco on I feel that by re-entering and drilling deeper on the Defco No. 1-A Welch we have a good opportunity to 2 this woll. encounter productive Morrow Sands in the west half of 3 4 Mr. Lattu, how deep did Defco drill the original б 6 section 9. It went to approximately 10,100 feet. 7 And we will be deepening it, then, another Q. 8 well? 9 A. 10 1000 feet, approximately? BOYD About 1100 feet, yes. (205) 11 MR. NUTTER: Mr. Lattu, while we're on this SALLY WALTON B. CERTIFIED SHORTHAM 12 exhibit, the second well here is listed with a potential 13 of 449 barrels of oil per day. What formation is that 14 15 Well, by my correlations I'd carry it in the -from, the Strawn or Wolfcamp, or what? 16 it's listed as a Cisco producing well. I'm trying to see 17 18 Yes, it was completed in the Cisco. 19 MR. NUTTER: They had a drill stem test there my perforations on here. where they recovered 25 feet of oil and a sampler recovered 20 21 22 23 600 cc of oil. 24 25

1 Ā. Yes. MR. NUTTER: And then another DST in the 2 3 Lower Cisco that made a small amount of oil, but they 4 did potential it for 449 barrels. 5 Yes, they did, and it is still producing. A. 6 It's right there at the top the two DST's somewhat over-7 lap. The first one being the smaller of the two. 8 MR. NUTTER: Uh-huh. And then the third well 9 on here is the well you're planning to re-enter. 10 A. Yes. 11 So it was drilled into the Strawn MR. NUTTER: 12 formation but just never was taken down to the Morrow. 13 A. That's correct. It just penetrated the very .14 top of the Strawn. 15 MR, NUTTER: What is the TD on the well? 16 10,100 feet. A. 17 MR. NUTTER: 10,100? 18 Yes. A. 19 MR. NUTTER: So you've only got 1100 feet to 20 go to deepen to the Horrow. 21 Yes, that's correct. 22 MR. NUTTER: Okay. Thank you. 23 (Mr. Strand continuing.) Mr. Lattu, will the a 24 approval of this application for Harvey E. Yates Company give them the opportunity to produce its just and equitable

WALTON BOYD

SALLY CERTIFIED 8

Page 1 share of gas? Yes, it would. Ā. 3 Q. Will it also prevent the economic loss and 4 increased risk that would be encountered in drilling a new 5 well at a standard location? 6 A. Yes, it would. 7 Q. Will it otherwise prevent waste and protect 8 correlative rights? 9 Yes, it would. A. 10 MR. STRAND: That's all I have, Mr. Examiner. **80YI** 11 MR. NUTTER: All right. SALEY WALTON 12 MR. STRAND: I would ask that the three ex-13 hibits be admitted into evidence. 14 MR. NUTTER: Applicant's Exhibits One through 15 Three will be admitted in evidence. 16 Are there any further questions of Mr. Lattu? 17 He may be excused. 18 Do you have anything further in this case, Mr. 19 Strand? 20 MR. STRAND: No, Mr. Examiner. 21 MR. NUTTER: Does anyone have anything they 22 wish to offer in Case Number 6284? 23 We'll take the case under advisement. 24 (Hearing concluded.) 25

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REPORTER'S CERTIFICATE

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SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER

Road - Phone (505) New Mexico 87501

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from my notes taken at the time of the hearing.

Sally Walton Boyd, C.S.R.

1 do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6284 V. 1978 heard by me

... Examiner New Mexico 011 Conservation Commission

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PHONE (505) 623-6601

HEYCO PETROLEUM PRODUCERS

HARVEY E. YATES COMPANY, INC.

BUITE 1000 BECURITY NATIONAL BANK BUILDING ROBWELL, NEW MEXICO. BB201 Mailing Address: P. O. Box 1933

June 30, 1978

011 Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Re: T-18S, R-29E Section 9: W/2 Eddy County, New Mexico

Gentlemen:

We are enclosing three copies of an Application for Unorthodox Location to be filed, and request that you set a time for examiner hearing.

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We appreciate your attention to this matter.

Sincerely, our Adurt.

∦oan Roberts Land Department

JR/me Enclosure

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF HARVEY E. YATES COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO. 6284

CONSERVATION COME

Santa Fe

APPLICATION

COMES NOW HARVEY E. YATES COMPANY by its attorney and respectfully states:

1. Applicant is the operator of the Morrow formation underlying:

Township 18 South, Range 29 East, N.M.P.M.

Section 9: W/2

2. Applicant proposes to reenter the abandoned Depco #1 Welch "A" Well located 480 feet from the north line and 500 feet from the west line of said Section 9, and deepen the same to a depth sufficient to adequately test the Morrow formation which is reasonably expected to be productive of gas.

3. Applicant seeks an execption to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit reentry and deepening of said well to the Morrow formation at the above described unorthodox location.

4. A standard 320 acre gas proration unit comprising the west one-half of said Section 9 should be dedicated to such well.

5. 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 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:

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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 Division enter its order granting applicant permission to reenter and deepen said well located 480 feet from the north line and 500 feet from the west line of said Section 9 and to dedicate the W/2 of Section 9 to said well.

For such further relief as the Division deems just and proper.

HARVEY E. YATES COMPANY By: Robert Strand

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P. O. Box 1933 Roswell, New Mexico 88201

Attorney for Applicant

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Dockets Nos. 25-78 and 26-78 are tentatively set for hearing on August 16 and 30, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date. DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 2, 1978 9 A.H. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner: CASE 6238: (Continued from June 21, 1978, Examiner Hearing) Application of Barber Oil, Inc., for a unit agreement, Findy County, New Mexico. Applicant, in the Application of Barner Ull, Inc., for a Unit agreement, Fring County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Saladar Unit Area comprising 240 acres, more or less, of Federal and fee lands in Township 20 South, Range 28 East, Eddy County, New Mexico. Application of Barber Oil, Inc., for a waterflood project, Eddy County, New Mexico. Applicant, in the Application of Barber Ull, Inc., for a waterflood project, Edgy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Saladar Unit, by the in-jection of water into the Yates formation through five wells located in Units K, L, N and O of Section a formebin 20 South Parce 20 Part Caladar Vater Pool Eddy County New Mexico CASE 6226: JECTION OF WALEF INTO THE FACES FORMATION THROUGH FIVE WELLS FORDER IN ONLY, New Mexico. 33, Township 20 South, Range 28 East, Saladar-Yates Pool, Eddy County, New Mexico. Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Application of Texas off & Gas Corporation for a non-standard proration unit, Lea county, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit Comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon Complising the W/2 of Section 10, lownship 20 South, Range 30 East, Notin Obudo-Moliow Gas I County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. CASE 6283: (Continued from July 19, 1978, Examiner Hearing) Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico. Application of gerome r. Monugh for an unorthodox gas well location, Rio Arriba county, New Mexico, Applicant, in the above-styled cause, Sacks approval for the unorthodox location of his Chris Well CASE 6276: Mpplicant, in the above-styled cause, seens approval for the unorthodox location of his chills we. No. 4 to be drilled 1902 feet from the South line and 1650 feet from the East line of Section 9, NO. 4 to be diffined 1902 feet from the South fine and 1050 feet from the rase fine of Section 9, Township 27 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, the S/2 of said Section 9 to be dedicated to the well. Applicant further seeks authority to commingle Blanco Mesaverde and Gavilan-Pictured Cliffs production in the wellbore of said well. (Continued from July 19, 1978, Examiner Hearing) Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan Pictured Cliffs and CASE 6277: In the above-styled cause, seeks approval for the downhole comminging of Gavilan Fictured Cliffs and Blanco Mesaverde production in the wellbores of his Chris Wells Nos. 3 and 3A, located in Units H and I of Section 21, Township 27 North, Kange 3 West, Rio Arriba County, New Mexico. (Continued from July 19, 1978, Examiner Hearing) Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Application of Hanagan retroleum corporation for compulsory pooling, Eday County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. New to be considered will be the cost of drilling and completing said well and the allocation of the CASE 6279: Most, Easy county, New Mexico, to be dedicated to a well to be drifted at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the ALLO TO DE CONSIGERED WILL DE THE COST OF ATILLING AND COMPLETING SALD WELL AND THE ALLOCATION OF THE Cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Application of Harvey E. Yates Company for an unorthodox gas well incation, Edgy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Welch "A" Well No. 1 located 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South Parge 20 Feet Eddy (county New Yorker, the W/2 of cald Section 9 to be dedicated to the well NO. 1 LOCATED 450 FEET FROM THE NORTH line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, Eddy County, New Mexico, the W/2 of said Section 9 to be dedicated to the well. CASE 6284: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Application of fates retroieum corporation for downnole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Atoka and Permo-Penn gas production in the wellbore of its Federal "HQ" Well No. 1 located in Unit O of Section 5, Township 21 South, Range 22 Fast, Little Box Campus Field, Eddy County New Maxim CASE 62851 22 East, Little Box Canyon Field, Eddy County, New Mexico. Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West (Continued from July 19, 1978, Examiner Hearing) Applicant, in the above-styled cause, seeks authority to commingle magine treek rermo-renn and west Atoka-Morrow gas production in the wellbore of its Powell DG Well No. 1 located in Unit O of Section CASE 6241: acova more yes production in the weilbore of its rowell of we 35, Township 17 South, Range 25 East, Eddy County, New Mexico.

STATE	OF NEW MEXICO	
ENERGY AND	MINERALS DEPARTME	INT
OIL CONSE	ERVATION DIVISION	

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 6284

ORDER NO. R- 5790

he-

APPLICATION OF HARVEY E. YATES COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,

ORDER OF THE DIVISION

COUNTY, NEW MEXICO.

BY THE DIVISION:

EDDY

DRAFT

dr/

This cause came on for hearing at 9 a.m. on <u>August 2</u>, 19<u>78</u>, at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nutter</u> NOW, on this <u>day of August</u>, 19<u>78</u>, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

for its	Welch	he applica "A" Well	No. 1	-1000	tet at a	point	•
seeks appro	oval o	of an unor	thodo	k gas	well loca	$\pm 10n/48$	30
feet from t	the N	lorth	line	and	500	_feet from	the
West 1	ine o	of Section	9		Township	18 South	
Range 29 E	East	, 1	MPM,	to t	est the	Morrow	
formation,					Pool,	Eddy	
County, New	7 Mexi	.co .		•			•
(3) I	hat t	he $W/2$	of	said	Section _	9	is to be
dedicated t	o the	well.	adate '	lacht	an maguilte	from the r	e-entry and
(4) T proposed d	hat a cepeni	ng of an	oldu	0211 p	previously	drilled to	The Strewn
formation.		· - ·			· · · ·	g the prora the propos	

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 ORDERED:

(1) That an unorthodox gas well location for the Marrow the Harvey E. Yates Company Welch "A" Well No. 1 formation is hereby approved for tax welk toxbe located at a point 480

(2) That the W/2 of said Section 9 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 Division may deem necessary.

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