CASE 6681: YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

5.00

CASE NO.

6681

APPIIC ATION, Transcripts, Small Exhibits,

ETC.

	1 2 3 4	STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT Oil Conservation Division State Land Office Bldg. Santa Fe, New Mexico 2 October 1979												
	5	EXAMINER HEARING												
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	7	IN THE MATTER OF:	· · · · · · · · · · · · · · · · · · ·											
	8	Application of Yates Petroleum Corpor-) CASE ation for an unorthodox gas well loca-) 6681 tion, Eddy County, New Mexico.)												
	9	cion, Eddy County, New Mexico.)												
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CERTIFIE 3010 Plan Santa	13													
	15	APPEARANCES												
	16	For the Oil Conservation	Ernest L. Padilla, Esq.											
	17	Division:	Legal Counsel for the Division State Land Office Bldg.											
	18		Santa Fe, New Mexico 87503											
	19 20	For the Applicant:	Chad Dickerson, Esq. LOSEE, CARSON & DICKERSON P. O. Drawer 239											
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SALLY WALTON BOYD

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\frown	1	MR. STAMETS: Call next Case 6681.
	2	MR. PADILLA: Application of Yates Petro-
	3	leum Corporation for an unorthodox gas well location, Eddy
	4	County, New Mexico.
	5	MR. DICKERSON: Mr. Examiner, my name is
	6	Chad Dickerson with the law firm of Losee, Carson, and
	7	Dickerson, Artesia, New Mexico, on behalf of the applicant.
	8	We have one witness.
	9	MR. STAMETS: Any other appearances in this
OYD MTER 1911	10	case? I'd like to have the witness stand and be sworn,
	11	please.
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TLLY THEO SU MALEO SU	13	(Witness sworn.)
SAL Sala	14	
	15	MARK WILSON
	16	being called as a witness and havIng been duly sworn upon
	17	his oath, testified as follows, to-wit:
	18	
	19	DIRECT EXAMINATION
	20	BY MR. DICKERSON:
• •	21	Q. Will you state your name and address,
	22	please?
3	23	A. My name is Mark Wilson, 1705 Briscoe Avenue
	24	Artesia, New Mexico.
	25	Q. What is your occupation, Mr. Wilson?
		y. mat is your occupation, m. mison.

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1	A. Independent Geologist.
2	Q. And by whom are you employed?
3	A. Self-employed, representing Yates Petroleum
4	today.
5	Q. Have you previously testified before the
6	Division and had your qualifications accepted?
7	A. I have.
8	MR. DICKERSON: Is this witness considered
9	qualified?
10	MR. STAMETS: He is.
11	Q. (Mr. Dickerson continuing.) Mr. Wilson,
12	will you briefly describe the purpose of this hearing today?
13	A. Okay. In Case 6681 Yates Petroleum Cor-
. 14	poration, operator for the Costa Plente working interest
15	unit, requests approval of the unorthodox gas well location
16	of the Metcalfe Com LT No. 1 to be drilled 660 feet from the
17	south line and 1100 feet from the west line of Section 31,
18	Township 18 South, Range 26 East, Four Mile Draw Morrow West
19	Field, Eddy County, New Mexico.
20	The south half of said Section 31 is to be
21	dedicated to the well.
22	Q. Mr. Wilson, have you prepared the exhibits
23	upon which you intend to rely today?
24	A. I have prepared them myself.
25	Q. Will you refer to Exhibit Number One, and
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SALLY WALTON BOYD CENTIFIED SHONTHAND REPONTER 1020 Park Barrok (505) 471-2402 Santa Po, Now Moridoo 27501

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1 describe what that depicts?

 A. Exhibit Number One is a land plat showing the proposed drill site and the outline of the Costa Plente
Unit in red and 80 acres of option acreage in yellow.

Q. Will you refer to Exhibit Number Two and describe what that reflects?

A. Exhibit Two shows in solid contours with
a 50-foot contour interval the total thickness of the Morrow
series.

The dashed contours with the 100-foot contour interval shows structure on top of the Atoka series. The proposed drill site is in the West

Atoka alluvial valley. A pronounced north/south Morrow thick, colored yellow, in the west part of Exhibit Two. This well is expected to encounter an

18-foot thick channel sandstone in the Morrow B zone previously found in Dorchester Liggett No. 1, 1980 feet from the south and east lines, Section 6, 19 South, 26 East.

The expected trend of this channel sandstone is shown in orange, the western branch, on enclosure two. From this sand the Liggett Well flowed 2.7-million cubic feet of gas a day on a 10/64ths choke, but about two days after being placed on production it started making large quantities of water and has continued to do so.

Our location should be 100 feet structurally

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A second branch of this orange B Zone channel system is also shown on Exhibit Two. Dorchester made a water-free gas completion in this branch in Section 5, 19, 26. Depletion is in a more advanced state in this sand.

Our proposed location should also penetrate one or more channel sandstones in the Morrow A Zone, in an alluvial deltaic facies, colored ochre on enclosure two. Such A Zone channels were penetrated in wells in Section 7 and 18 of 19 South, 26 East, where they are water-bearing but have gas shows.

Our drill site should be 150 feet high to the well in Section 7.

15 This alluvial deltaic facies is replaced 16 to the east by a gas-bearing but only moderately permeable barrier beach facies and Dorchester Losee No. 1, 1650 feet from the north line and 1980 feet from the east line, of Section 6, 19 South, 26 East, and in Meier Costa Plente No. 1 990 feet from the north and east lines of Section 32, 18 South, 26 East.

This barrier beach trend -- this barrier beach trends nearly normal to the alluvial facies. The proposed drill site in the West Atoka alluvial valley should also find one or more gas-bearing channel sandstones in the

Lower Morrow. Such sandstones were found in the Lower Morrow in the two wells in Section 6.

Q Mr. Wilson, will you please now refer to what is marked Exhibit Three and describe for the Examiner what that exhibit displays?

A. Exhibit Three is a north/south stratigraphic cross section, the location of which is shown on the Exhibit Two. It's a dark line there, it's a little hard to make out, but basically a north/south section.

The datum is the top of the Morrow B Zone. The West Atoka, the Nix-Arnquist alluvial valley, are shown with the ridge separating them at the Dorchester Losee No. 1 Well, which is about the middle of the cross section.

Of incidental interest, the thick Nix-Arnquist channel sandstone is colored blue on the right side, or north end of the cross section. Within the Morrow A Zone the two principal facies are shown. The gas-bearing Costa Plente barrier beach, colored ochre, that's on the righthand side of the section, of the Lower A Zone is present in Dorchester Losee No. 1 and Meier Costa Plente No. 1. This sand was damaged in both of these wells during drilling and attempted completion operations.

An alluvial deltaic facies is present at the same stratigraphic level in Dorchester Secrest No. 1 and Coquina Santa Fe No. 1 in the west alluvial valley, the

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West Atoka alluvial valley.

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2 We have elected to drill for this Morrow permeable alluvial facies. The main B Zone channel sandstone 3 objective is shown in orange in Dorchester Liggett No. 1, 4 5 labeled B-1 Channel Sandstone.

Our drill site is more nearly -- excuse me. In this well, the well was completed as a gas well and later went to water about two days after it was completed, so we're getting up-dip about 100 feet on perim (sic) as shown on enclosure two to this well. Also shown are the 11 lower gas-bearing Morrow sands, colored yellow, in Dorchester 12 Secrest No. 1 and Dorchester Losee No. 1.

Our drill site is more nearly in the axis of the West Atoka alluvial valley, so the Morrow should be thicker, and more Lower Morrow Sand should be present.

In summary, it is my opinion that our proposed drill site offers the best chance to penetrate the most Morrow reservoirs, in a favorable structure position, and it should therefore offer the best -- best chance to drain these reservoirs and protect the correlative rights of those having royalty and other interests in the south half of Section 31, Township 18 South, 26 East.

In your opinion will the granting of this Q. application, Mr. Wilson, prevent waste and protect correlative rights?

Page ._____

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2 MR, DICKERSON: Mr. Examiner, we would 3 move the admission of Exhibits One, Two, and Three into 4 evidence. 5 MR, STAMETS: These exhibits will be ad-6 mitted. 7 MR. DICKERSON: And that's all the direct 8 we have. 9 MR. STAMETS: Any questions of the witness? 10 11 CROSS EXAMINATION 12 BY MR. STAMETS: 13 Q. Your testimony, Mr. Wilson, was primarily 14 related to the Morrow formation. I presume Yates would 15 still seek to have this location apply to the Wolfcamp 16 through Mississippian zones. 17 A. Well, that's correct. I think in the 18 original application that they stated it would be Wolfcamp 19 down through Mississippian. 20 MR. STAMETS: Any other questions of the 21 witness? He may be excused. 22 Anything further in this case? 23 The case will be taken under advisement. 24 25 (Hearing concluded.)

I believe so.

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REPORTER'S CERTIFICATE

I, SALLY W. 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 the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6680heard by me on 10-2 1972. heard by me on Examiner Oll Conservation Division

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT Oil Conservation Division State Land Office Bldg. Santa Fe, New Mexico 2 October 1979

EXAMINER HEARING

IN THE MATTER OF:

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Application of Yates Petroleum Corpor-) ation for an unorthodox gas well loca-) tion, Eddy County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

For the Applicant:

Ernest L. Padilla, Esq. Legal Counsel for the Division State Land Office Bldg. Santa Fe, New Mexico 87503

CASE

6681

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Chad Dickerson, Esq. LOSEE, CARSON & DICKERSON P. O. Drawer 239 Artesia, New Mexico 38210

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SALLY WALTON BOYD Entified shorthand reporter 220Park Banca (105) 471-2463 Barka Pa, New Morloo 471-2463 5____

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In summary, it is my opinion that our proposed drill site offers the best chance to penetrate the most Morrow reservoirs, in a favorable structure position, and it should therefore offer the best --- best chance to drain these reservoirs and protect the correlative rights of those having royalty and other interests in the south half of Section 31, Township 18 South, 26 East.

In your opinion will the granting of this Ũ. application, Mr. Wilson, prevent waste and protect correlative rights?

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(Hearing concluded.)

LLY WALTON BOYI TIFED SHORTHAND REPORTE Mara Blance (195) 171-21 1944 Pa, New Mardoo 17161

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REPORTER'S CERTIFICATE

I, SALLY W. 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 the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereas as the hat the foregoing is a complete records of the proceedings in the Examiner hearing of Case No.______, heard by me on_______19____.

Oil Conservation Division

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING GANTA FE, NEW MEXICO 87501 (505) 827-2434

October 18, 1979

Mr. Chad Dickerson Losee, Carson & Dickerson Attorneys at Law Post Office Box 239 Artesia, New Mexico 88210

CASE NO.	6681	
ORDER NO.	R-6146	_

Applicant:

Yates Petroleum Corporation

Dear Sir:

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

Re:

Pours very truly, D JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	X
Aztec OCD	

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 NO. 6681 Order No. R-6146

APPLICATION OF YATES PETROLEUM CORPORATION 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 October 2, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of October, 1979, 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.

(2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location 660 feet from the South line and 1100 feet from the West line of Section 31, Township 18 South, Range 26 East, NMPM, to test the Wolfcamp through Mississippian formations, Four Mile Draw Field, Eddy County, New Mexico.

(3) That the S/2 of said Section 31 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. 6681 Order No. R-6146

(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 Wolfcamp through Mississippian formations is hereby approved for a well to be located at a point 660 feet from the South line and 1100 feet from the West line of Section 31, Township 18 South, Range 26 East, NMPM, Four Mile Draw Field, Eddy County, New Mexico.

(2) That the S/2 of said Section 31 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.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION JOE D. RAMEY Director

fd/

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Page 2 of 4 Examiner Hearing - Tuesday - October 2, 1979

CASE 6644: (Continued from September 19, 1979, Examiner Hearing)

Application of Tenneco Oil Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbores of its State K Com Well No. 12 located in Unit E of Section 16, Township 30 North, Range 9 West, and its Florence Well No. 60R in Unit L of Section 1, Township 29 North, Range 9 West.

- <u>CASE 6675</u>: Application of Gifford, Mitchell & Wisenbaker for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Pawnee Unit Area, comprising 3,840 acres, more or less, of State and federal lands in Township 76 South, Range 36 East.
- CASE 6671: (Continued from September 19, 1979; Examiner Hearing)

Application of Chapman and Schneider for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Seven Rivers Reef formation in the open-hole interval from 3422 feet to 3504 feet in its I. B. Ogg "A" Well No. 3 located in Unit E of Section 35, Township 24 South, Range 36 East, Jalmat Pool.

- CASE 6676: Application of Doyle Hariman for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre nonstandard gas proration unit comprising the SW/4 NE/4 and SE/4 NW/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 1650 feet from the East line of said Section 36.
- CASE 6677: Application of Texas Pacific Oil Company, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Arrowhead-Grayburg and Eumont production in the wellbore of its Elliott B-6 Well No. 1 located in Unit M of Section 6, Township 22 South, Range 37 East.
- CASE 6678: Application of Texas Pacific Cil Company, Inc. for downhole commingling and a special casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Tubb production in the wellbore of its Eva Owens Well No. 1 located in Unit M of Section 25, Township 21 South, Range 37 East. Applicant further seeks an increase in the casinghead gas allowable for said well.
- CASE 6660: (Continued from September 19, 1979, Examiner Hearing)

Application of B. & W. Oil Reclaiming 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 purpose of treating and reclaiming sediment oil at a site in the NE/4 NE/4 NE/4 of Section 34, Township 18 South, Range 26 East.

CASE 6679: Application of El Paso Natural Gas Company for a gas storage unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Washington Ranch Morrow Unit Area comprising the Morrow formation and the first 100 feet immediately above and below said formation underlying all or parts of Sections 21 thru 23, 26 thru 29, and 32 thru 25. Township 25 South, Range 24 East; Sections 1 thru 5 and 9 thru 14, Township 26 South, Range 24 East; and Sections 6, 7, and 18, Township 26 South, Range 25 East, Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said unit area would be for the purpose of conducting a gas storage project and would comprise 12,158 acres, more or less, of State, federal and fee lands.

CASE 6630: (Continued from August 22, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and BS Mesa-Gallup production in the wellbore of its San Juan 27-4 Unit Well No. 37 located in Unit N of Section 33, Township 27 North, Range 4 West.

CASE 6680: Application of Robert C. Anderson for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of all production from his Ute Mountain Ute Lease, Wells Nos. 1, 3 and 4, located in Section 14, Township 31 North, Range 16 West.

CASE 6681:

: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Mississippian test well to be located 660 feet from the South line and 1100 feet from the West line of Section 31, Township 18 South, Range 26 East, the S/2 of said Section 31 to be dedicated to the well.

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A.J.LOSEE JOEL M. CARSON CHAD DICKERSON DAVID R. VANDIVER

LAW OFFICES LOSEE, CARSON & DICKERSON, P. A. OIL CONSERVATION DIVISION 300 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88210

SANEA SE 505 746-3508

4 September 1979

Mr. Joe D. Ramey, Director New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for an unorthodox gas well location for its Metcalf "LT" Com. No. 1 Well in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner on October 3, 1979 and that we be furnished with a copy of the docket for said hearing.

Yours truly,

LOSEE, CARSON & DICKERSON, P.A.

11 auon Joel M Carson

JMC:bjm Enclosures

cc w/enclosure: Yates Petroleum Corporation



BEFORE THE OIL CONSERVATION DIVISION

OF THE 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. 6681

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through the Mississippian formations underlying:

Township 18 South, Range 26 East, N.M.P.M.

Section 31: 5/2

and proposes to drill its Metcalf "LT" Com. No. 1 Well at a point located 1,100 feet from the West line and 660 feet from the South line of said Section 31.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Wolfcamp through the Mississippian formations.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 31 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be reasonably productive of gas.

4. 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 arising 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 Division enter its order granting applicant permission to drill a well 1,100 feet from the West line and 660 feet from the South line of said Section 31 and to dedicate the S/2 of Section 31, which is reasonably presumed to be productive of gas from the Wolfcamp through the Mississippian formations.

C. And for such other relief as may be just in the premises.

-2-

YATES PETROLEUM CORPORATION

Joel

LOSEE CARSON & DICKERSON, P.A. P. O. Drawer 239 Artesia, New Mexico 88210

Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

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

CASE NO. 6681

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Township 18 South, Range 26 East, N.M.P.M.

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Section 31: S/2

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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 Division enter_its order granting applicant permission to drill a well 1,100 feet from the West line and 660 feet from the South line of said Section 31 and to dedicate the S/2 of Section 31, which is reasonably presumed to be productive of gas from the Wolfcamp through the Mississippian formations.

C. And for such other relief as may be just in the premises.

-2-

YATES PETROLEUM CORPORATION

By Joel rson

LOSEE, CARECH & DICKERSON, P.A. P. O. Drawer 239 Artesia, New Maxico 88210

Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION

OF THE 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. (681

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through the Mississippian formations underlying:

Township 18 South, Range 26 East, N.M.P.M.

1

Section 31: S/2

and proposes to drill its Metcalf "LT" Com. No. 1 Well at a point located 1,100 feet from the West line and 660 feet from the South line of said Section 31.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Wolfcamp through the Mississippian formations.

3. A standard 320-acre gas promation unit comprising the S/2 of said Section 31 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be reasonably productive of gas.

4. 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 arising 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.

P. That upon hearing the Division enter its order granting applicant permission to drill a well 1,100 feet from the West line and 660 feet from the South line of said Soction 31 and to dedicate the S/2 of Section 31, which is reasonably presumed to be productive of gas from the Wolfcamp through the Mississippian formations.

C. And for such other relief as may be just in the premises.

YATES PETROLEUN CORPORATION ause Joel/M. Carson

LOSER, CARGON & DICKERSON, P.A. P. O. Drawer 239 Artesia, New Mexico 88210

Attorneys for Applicant

-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 <u>Wolfcamp_Mississippian</u> formation, is hereby approved for a well to be located at a point <u>660</u> feet from the <u>South</u> line and <u>1100</u> feet from the <u>West</u> line of Section <u>31</u>, Township <u>18</u> South, Range <u>26 East</u> NMPM, <u>Four Mile Draw Field</u> <u>County</u>, New Mexico.

(2) That the $\frac{S/2}{2}$ of said Section 31 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.

dr/

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:

6681 CASE NO. ORDER NO. R- (146

APPLICATION OF ____YATES PETROLEUM CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on <u>October 2</u>, 19<u>79</u>, at Santa Fe, New Mexico, before Examiner <u>Richard L. Stamets</u> NOW, on this <u>day of October</u>, 19<u>79</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.

(2) That the applicant, <u>Yates Petroleum Corporation</u>, seeks approval of an unorthodox gas well location <u>660</u> feet from the <u>South</u> line and <u>1100</u> feet from the <u>West</u> line of Section <u>31</u>, Township <u>18 South</u> Range <u>26 East</u>, NMPM, to test the <u>Wolfcamp</u> Mississippian formations, <u>Four Mile Drew Field</u> **PEO1**, Eddy County, New Mexico.

(3) That the $\frac{S/2}{2}$ of said Section 31 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.