

WELL: 1000 FT. DEEP CORPORATION
WELL LOCATION, 1000 FT. DEEP

CASE NO.

6831

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



BRUCE KING
GOVERNOR
LARRY KENDE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 1, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-3434

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

Re: CASE NO. 6831
ORDER NO. R-6301

Applicant:

Yates Petroleum Corporation

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 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. 6831
Order No. R-6301

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 March 12, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of March, 1980, 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 by Order No. R-5831-A, the Division approved an
unorthodox location for the Morrow formation for the Yates
Petroleum Corporation State JM Well No. 1 at a point 660 feet
from the North line and 660 feet from the East line of Section
25, Township 19 South, Range 24 East, NMPM, Eddy County, New
Mexico.
- (3) That the applicant herein, Yates Petroleum Corporation,
seeks approval of the above-described unorthodox gas well loca-
tion for the Wolfcamp through Cisco formations.
- (4) That the N/2 of said Section 25 is to be dedicated to
the well.
- (5) That no offset operator objected to the proposed un-
orthodox location in the Wolfcamp through Cisco formations.

-2-

Case No. 6831
Order No. R-6301

(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 formations, 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 660 feet from the North line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico, is hereby approved for the Yates Petroleum Corporation State JM Well No. 1 in the Wolfcamp through Cisco formations.

(2) That the N/2 of said Section 25 shall be dedicated to the above-described well.

(3) That the provisions of Division Order No. R-5831-A shall not be applicable to the subject well upon its recompletion in the Wolfcamp through Cisco formations.

(4) 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


S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 March 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-
poration for an unorthodox gas well
location, Eddy County, New Mexico.

CASE
6831

and

Application of Yates Petroleum Cor-
poration for an unorthodox gas well
location, Eddy County, New Mexico.

CASE
6832

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

SALLY W. BOYD, C.S.R.

BL 1 Box 193-B
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I N D E X

RAY BECK

Direct Examination by Mr. Dickerson

4

Cross Examination by Mr. Nutter

13

E X H I B I T S

Applicant Exhibit One, Plat

5

Applicant Exhibit Two, Map

5

Applicant Exhibit Three, Cross Section

11

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1 MR. NUTTER: Call Case Number 6831.

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, appearing on behalf of the applicant.

7 I have one witness and would like to re-
8 quest, because the testimony will relate to both applications
9 that Cases 6831 and 6832 be consolidated.

10 MR. NUTTER: We'll next call Case Number
11 6832.

12 MR. PADILLA: Application of Yates Pet-
13 roleum Corporation for an unorthodox gas well location,
14 Eddy County, New Mexico.

15 MR. NUTTER: Cases Numbers 6831 and 6832
16 will be consolidated for testimony.

17
18 (Witness sworn.)

19
20 RAY BECK
21 being called as a witness and having been duly sworn upon
22 his oath, testified as follows, to-wit:

23
24 DIRECT EXAMINATION

25 BY MR. DICKERSON:

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1 Q Will you state your name, your occupation,
2 and by whom you're employed?

3 A Ray Beck, Yates Petroleum, Artesia, New
4 Mexico.

5 Q And what is your occupation?

6 A Geologist.

7 Q Mr. Beck, you have previously qualified
8 before this Oil Conservation Division and had your qualifi-
9 cations made a matter of record?

10 A Yes, I have.

11 Q And you're familiar with the facts under-
12 lying the applications involved in these two cases?

13 A Yes, I am.

14 MR. DICKERSON: Mr. Examiner, is this
15 witness qualified?

16 MR. NUTTER: Yes, he is.

17 Q Mr. Beck, will you briefly describe the
18 purposes of the applications that Yates has filed in these
19 cases?

20 A In Cases 6831 and 6832 Yates Petroleum
21 Corporation requests approval for the recompletion of its
22 State "JM" No. 1 Well and its Cities "JG" No. 1 Well in the
23 Wolfcamp through Cisco formations at unorthodox locations.

24 For the State "JM" No. 1 Well, that is
25 Case 6831, the location is 660 from the north and east lines

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1 of Section 25, Township 18 South, Range 24 East, with the
2 north half of the Section 25 dedicated to the well.

3 For the Cities "JG", that is Case 6832,
4 the location is 660 from the south and east lines of Section
5 13, Township 18 South, Range 24 East, with the east half of
6 Section 13 dedicted to the well.

7 Q Mr. Beck, were what have been marked
8 Applicant's Exhibit One, Two, and Three, upon which you in-
9 tend to rely for your testimony, prepared by you or under
10 your direction?

11 A Yes, they were.

12 Q Will you refer to Exhibit Nurber One,
13 please, and describe what it shows?

14 A Exhibit Number One is a land plat showing
15 the unorthodox locations circled in red, the proration units,
16 and the surrounding leasehold situation.

17 Q And all the yellow acreage is Yates Pet-
18 roleum Corporation?

19 A Yes, the yellow acreage denotes acreage
20 that is held all or in part by Yates Petroleum.

21 Q Please turn to Exhibit Number Two and
22 describe what it shows.

23 A Exhibit Number Two is a map showing
24 structure, porosity and facies relationships, of a Wolfcamp
25 and Cisco aged interval in the area of these two unorthodox

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1 locations.

2 This mapped interval is stratigraphically
3 equivalent to an interval that produces gas in the Eagle
4 Creek Permo-Penn Gas Pool, which so far numbers 22 wells and
5 is contiguous with the subject area and extends northeasterly
6 therefrom.

7 Since it is called the Permo-Penn imme-
8 diately northeast, I will refer to the mapped interval as
9 the Permo-Penn interval.

10 The dotted contours show the structure
11 on the top of the Permo-Penn dipping regionally to the south-
12 east. The solid contours show the porosity feet found in
13 the overall Permo-Penn interval.

14 The facies relationships are as follows:
15 To the northwest are tight shelf facies of interbedded tight
16 limestones and shales.

17 To the south and east of the blocky line
18 on the map are basinal facies of usually nonproductive in-
19 terbedded dirty sands, shales, and limestones.

20 In between the tight shelf facies and
21 the basinal facies is the more porous, usually gas productive
22 basin margin facies, but even gas productive wells within
23 the favored basin margin facies vary in quality of production
24 from noneconomic to economic.

25 The wells on the map, either circled or

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1 squared, that are colored red are producing gas from this
2 interval or are capable of producing gas from the Permo-Penn.

3 The producing wells lie in the basin
4 margin facies and usually have almost one porosity foot to
5 more than one porosity foot values.

6 As can be seen in the testimony and ex-
7 hibits submitted by Yates in the original hearing requesting
8 unorthodox locations for the State "JM" and Cities "JG",
9 Yates wished to drill these wells at their unorthodox loca-
10 tions in order to encounter the greatest amount of Morrow
11 Clastic interval and the greatest amount of clean Morrow
12 sand within these two proration units, as we then had it
13 mapped. The point being that the Permo-Penn geology or
14 potential wasn't even considered in making the decision on
15 these two unorthodox locations.

16 Q. Mr. Beck, what cases are those you're
17 referring to there?

18 A. The Case "JM" was Case 6231; Cities "JG"
19 was 6232. The first hearing was held May 17th, 1978, and
20 a De Novo hearing was held January 7th, 1979.

21 MR. DICKERSON: Mr. Examiner, we'd like
22 the Examiner to take administrative notice of the proceedings
23 in those cases.

24 MR. NUTTER: We will take notice of
25 Cases Numbers 6231 and 6232. Do you have the order numbers

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1 that finally authorized the --

2 MR. DICKERSON: Yes, sir.

3 MR. NUTTER: -- non-standard locations?

4 MR. DICKERSON: It's Order No. R-5831-A.

5 MR. NUTTER: That was in both cases?

6 MR. DICKERSON: Yes, sir, they were con-
7 solidated.

8 MR. NUTTER: Go ahead.

9 A One can see from the map that the distri-
10 bution of the Permo-Penn gas wells from the porosity feet
11 contours and from the overall trend of the favored basin
12 margin facies, that almost all parts of the two proration
13 units overlie favorably positioned Permo-Penn gas productive
14 areas, the point being that the overall Permo-Penn gas pro-
15 ductive reservoirs are much wider and easier to encounter
16 feature than Morrow sand channels, and that unorthodox loca-
17 tions were not necessary to encounter the Permo-Penn gas
18 reservoir.

19 I'd like to direct your attention to
20 two wells, the Mesa Lincoln State Well in Section 13 -- well,
21 excuse me, Section 24 of 18, 24.

22 MR. NUTTER: That's right in between the
23 two wells.

24 A Right.

25 And the Gulf Eddy "GK" Well in the next

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1 township over directly to the east.

2 MR. NUTTER: Okay.

3 A The Mesa Lincoln State Well was drilled
4 through the Permo-Penn interval without being tested by the
5 operator, indicating that there was not much in that interval
6 while they were drilling it. Logs show the well to be in
7 the Permo-Penn trend but to be less than one porosity foot --
8 and to have less than one porosity foot and they are tight.

9 The Gulf Eddy "GK" No. 2 Well in Section
10 19 of 18, 25, was drilled through the Permo-Penn interval
11 without being tested by the operator. Again --

12 MR. NUTTER: Mr. Beck.

13 A Yes, sir.

14 MR. NUTTER: Let me interrupt you right
15 here, but what are you referring to as the Permo-Penn, the
16 Wolfcamp and how much of the Pennsylvanian?

17 A Well, Mr. Examiner, when we first started
18 looking at this we called it the Cisco, and we used to turn
19 it in this way, but you know, the OCD came up with some cross
20 sections by a select committee of Permian Basin geologists,
21 and from those correlations they took -- part of this inter-
22 val was called Wolfcamp and part of it was called Pennsyl-
23 vanian, and so Mr. Gressett down in Artesia had just combined
24 it and called it the Permo-Penn interval, and there's an
25 Eagle Creek Permo-Penn Field and --

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1 MR. NUTTER: And what's the gross inter-
2 val in feet thickness here that we're talking about?

3 A It varies. It varies in thickness, but
4 usually in the main productive trend it's about 300 feet
5 thick.

6 MR. NUTTER: 300 feet, and this -- out
7 of this 300 feet is where you're getting these porosity
8 feet.

9 A Yes, sir.

10 MR. NUTTER: That you've been --

11 A I have a cross section across here that
12 will be introduced later that might make it a little bit
13 more clear about what interval I'm talking about.

14 MR. NUTTER: Okay. Okay.

15 A The reason I bring out these two wells,
16 the Mesa Lincoln State and the Gulf Eddy "GK" 2, is that
17 the Mesa Lincoln State and the Gulf Eddy "GK" are poor
18 Permo-Penn wells, and no advantage is gained by encroaching
19 on either one of them at the Wolfcamp through Cisco or Permo-
20 Penn level.

21 MR. NUTTER: Are they Morrow wells?

22 A The Mesa Lincoln State is now completed
23 producing in the Morrow, and so is the Gulf Eddy "GK" 2,
24 right.

25 MR. NUTTER: And the original locations

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1 for these two subject wells here today --

2 A Yes, sir.

3 MR. NUTTER: -- were for the Morrow?

4 A Yes, sir.

5 MR. NUTTER: Okay.

6 Q Now, one of these two subject wells did
7 not produce from the Morrow, is that right?

8 A That's right. The Yates -- Cities "JG"
9 did not find any Morrow production at all, and it made some
10 gas from the Mississippian, I believe, and in the Yates State
11 "JM" made a little gas from the Morrow, but it was extremely
12 limited.

13 That's the reason we want to recomplete
14 them in this upper -- the permission to recomplete them at
15 this upper level.

16 Q Mr. Beck, will you refer to Exhibit Num-
17 ber Three and describe what it shows?

18 A Exhibit Number Three is a west to east
19 cross section, showing the pertinent correlations and facies
20 boundaries referred to earlier.

21 The two unorthodox located Yates wells
22 are at about the same position in the cross section as the
23 Mesa Lincoln State Well, which is second from the left. It
24 is a stratigraphic cross section. It's hung on the -- on a
25 Wolfcamp marker. To the left is the tight Permo-Penn shale

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1 facies. The Marathon Anderson Well there is, as you see,
2 we pick it as Cisco but part of that interval, about the top
3 100 feet, is considered Wolfcamp by the OCD.

4 MR. NUTTER: Now, is this cross section
5 shown on any of these plats, the line of the cross section?

6 A Yes, sir, it is, from A to A'.

7 MR. NUTTER: Okay.

8 Q Mr. Beck, in your opinion would this
9 Permo-Penn interval justify drilling a well to test those
10 zones at an orthodox location in this area?

11 A Not unless you wanted to hold a lease,
12 because if you're just drilling it to make money, they won't.
13 An average of them, the 22 wells to the north, our reservoir
14 engineering department has studied and determined that they
15 make about 220,000 Mcf of gas and it takes about -- to drill
16 one to the Morrow and take a look, it takes about 327,774
17 Mcf to make them pay out, so drilling by themselves, not
18 trying to hold a lease, they're not worth it.

19 Q In your opinion, Mr. Beck, would the
20 granting of the subject application result in the recovery
21 of hydrocarbons which would not otherwise be recovered?

22 A Yes.

23 Q And in your opinion will granting these
24 applications otherwise prevent waste and protect correlative
25 rights?

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1 A Yes.

2 MR. DICKERSON: Mr. Examiner, I would
3 move the admission at this time of Exhibits One, Two, and
4 Three.

5 MR. NUTTER: Exhibits One through Three
6 will be admitted in evidence.

7 MR. DICKERSON: I have no further testi-
8 mony from this witness.

9
10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Beck, have the wells actually been
13 completed in the proposed interval yet?

14 A The Yates Cities "JG" was mistakenly
15 completed in this interval, but it has not been produced.

16 Q And did you --

17 A Yes, sir, the IPF 1750 Mcf per day, but
18 I would like to -- that is misleading because other wells
19 have come in for pretty respectable IPF and in a month or
20 two dropped to, say, 900 Mcf, and they usually settle down
21 to 100 to 200 Mcf per day.

22 They're extremely tight.

23 The State "JM" has not been completed
24 and has not been perforated in this Permo-Penn interval.

25 Q I see.

1 MR. NUTTER: Are there any further ques-
2 tions of the witness? He may be excused.

3 Do you have anything further in this
4 case, Mr. Dickerson?

5 MR. DICKERSON: No, sir.

6 MR. NUTTER: Does anyone have anything
7 to offer in Case 6831 or 6832?

8 We'll take the cases under advisement.

9
10 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

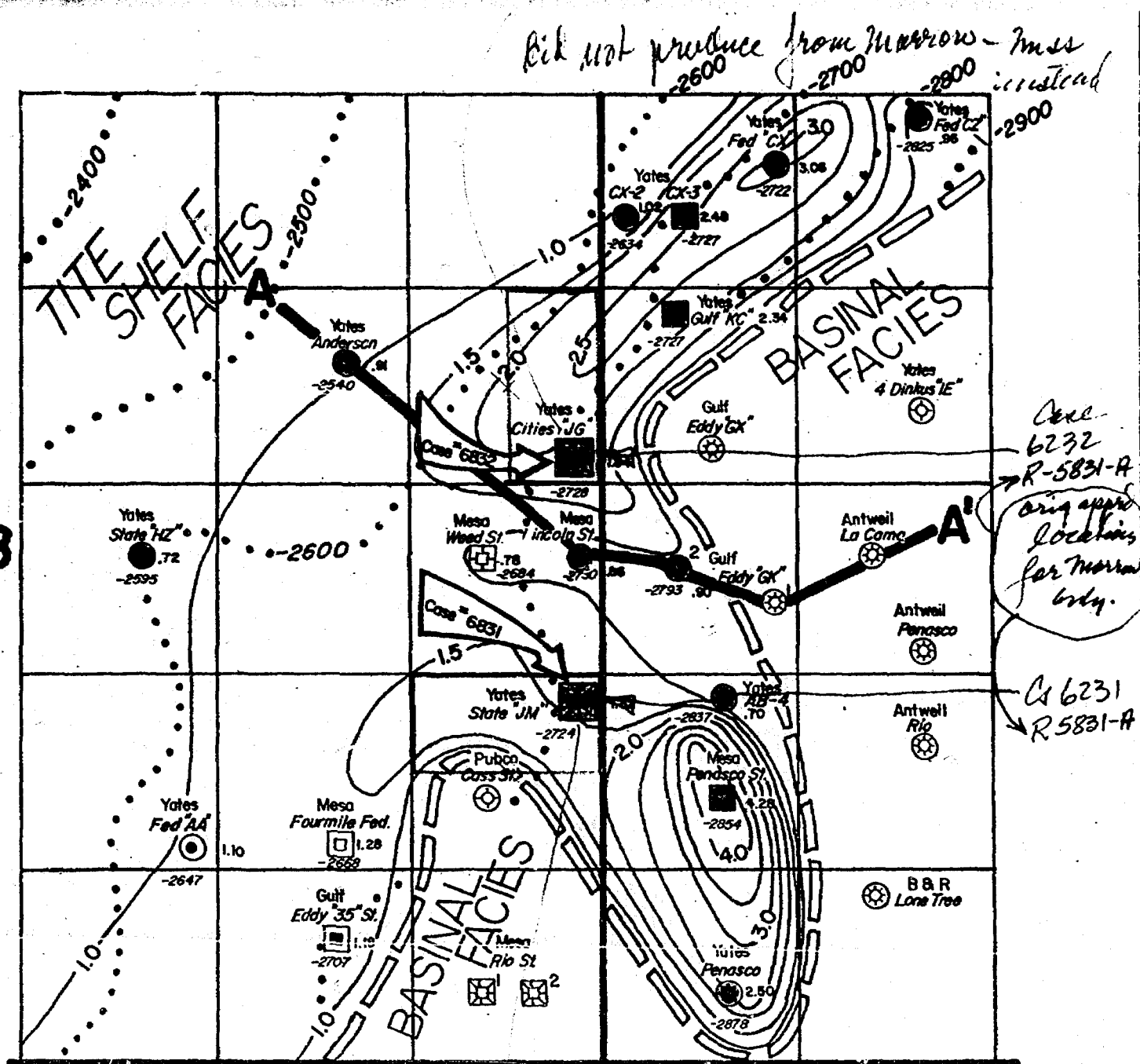
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Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7931-6832 heard by me on 3/12 1980.

[Signature], Examiner
Oil Conservation Division

Cases 6831 & 6832
Submitted by Yates
Hearing Date: 3-12-80
EXHIBIT No. 1

T
18
S



R-24-E

R-25-E

Well Producing or Capable of Producing Permo-Penn Gas



Permo-Penn Penetrations; Not Completed in Permo-Penn

Well Producing or Capable of Producing Permo-Penn Gas



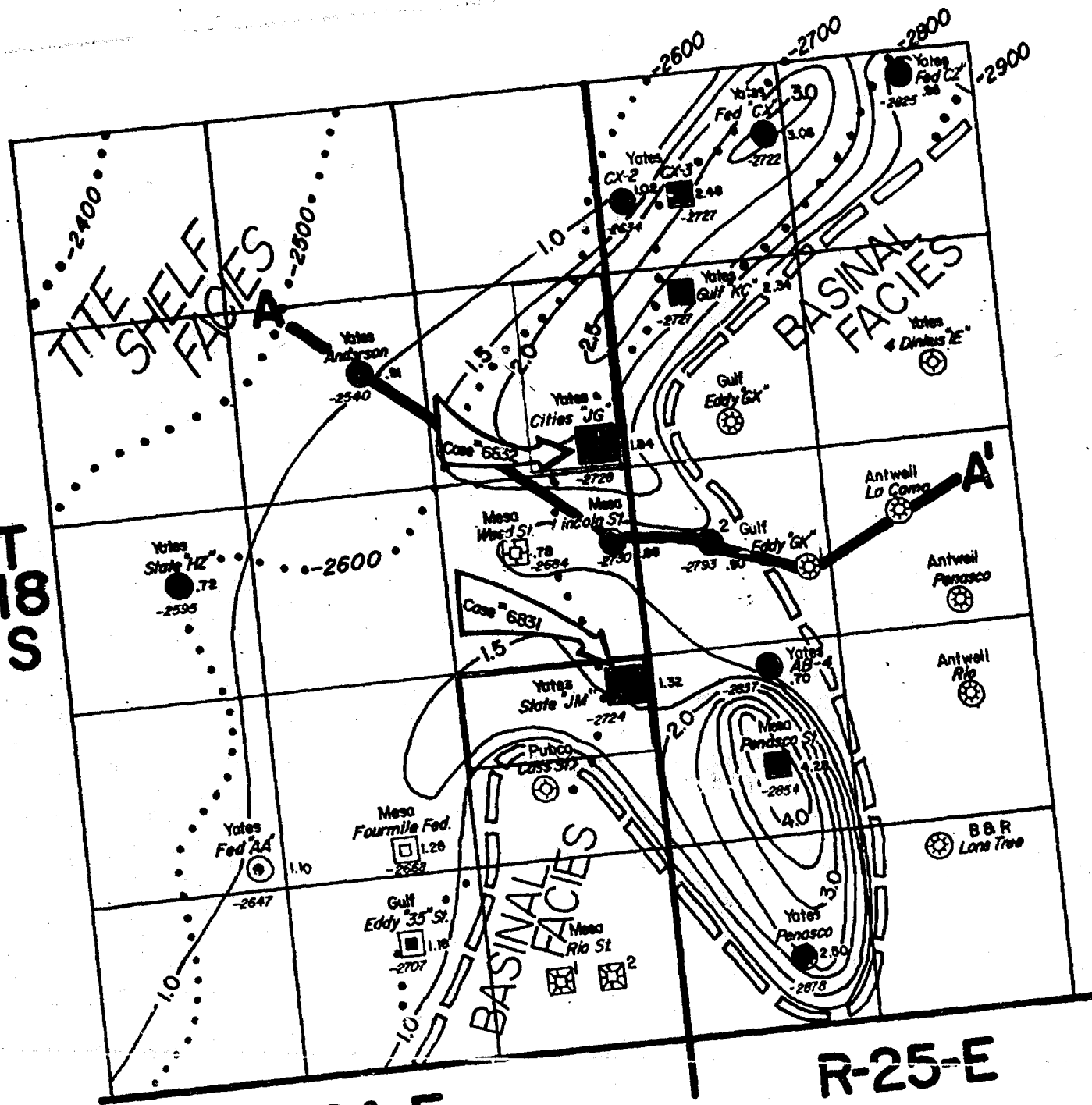
Permo-Penn Penetrations; Not Completed in Permo-Penn

Cases 6831 & 6832
Submitted by Yates
Hearing Date: 3-12-80
EXHIBIT No. 2

Drilled After First Unorthodox
Hearing on "JG" & "JM" Wells

Solid Contours = δ Ft., 0.5 δ = C.I. Dotted Contours = Permo-Penn Structure

T
18
S



R-24-E

R-25-E

Well Producing or Capable of Producing Permo-Penn Gas

Permo-Penn Penetrations; Not Completed in Permo-Penn

Well Producing or Capable of Producing Permo-Penn Gas

Permo-Penn Penetrations; Not Completed in Permo-Penn

Drilled After First Unorthodox Hearing on "JG" & "JM" Wells

Solid Contours = ϕ Ft., 0.5 ϕ = C.I. Dotted Contours = Permo-Penn Structure

Cases 6831 & 6832
Submitted by Yates
Hearing Date: 3-12-80
EXHIBIT No. 2

P20 2433341
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 Northern Natural Gas Co
 STREET AND NO.
 401 Wall Street
 P.O. STATE AND ZIP CODE
 Midland, TX 79701

POSTAGE		\$ 15
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	125
	SPECIAL DELIVERY	
	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	✓
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$ 1.40
POSTMARK OR DATE		

PS Form 3800, Apr. 1976

P20 2433342
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 Marathon Oil Company
 STREET AND NO.
 P.O. Box 552
 P.O. STATE AND ZIP CODE
 Midland, TX 79702

POSTAGE		\$ 15
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	125
	SPECIAL DELIVERY	
	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	✓
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$ 1.40
POSTMARK OR DATE		

PS Form 3800, Apr. 1976

P20 2433343

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 Mesa Petroleum Co.
 STREET AND NO.
 Vaughn Bldg Suite 1000
 P.O. STATE AND ZIP CODE
 Midland, TX 79701

POSTAGE		\$ 15
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	125
	SPECIAL DELIVERY	
	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	✓
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$ 1.40
POSTMARK OR DATE		

PS Form 3800, Apr. 1976

P20 2433346
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 Amoco Production Co.
 STREET AND NO.
 P.O. Box 68
 P.O. STATE AND ZIP CODE
 Hobbs, NM 88240

POSTAGE		\$ 15
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	125
	SPECIAL DELIVERY	
	RESTRICTED DELIVERY	
	SHOW TO WHOM AND DATE DELIVERED	✓
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES		\$ 1.40
POSTMARK OR DATE		

PS Form 3800, Apr. 1976

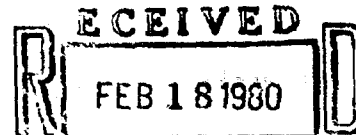


207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3558

*Does not qualify
Set for hearing*

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

February 13, 1980



OIL CONSERVATION DIVISION
SANTA FE

Case 6831

Joe D. Ramey, Secretary-Director
NMOCD
Drawer 2088
Santa Fe, New Mexico 87501

Re: Non-Standard Location, Eddy County
State JM Com #1, A-25-18S-24E
N/2 dedication

Dear Sir:

Administrative approval of an unorthodox location is sought under the provisions of OCC Rule 104F. The well was drilled to the Mississippi as a Morrow test located 660' FNL 660 FEL, and approved under NSL R-5831. The well was non-productive in the Mississippi but we did make a Morrow completion. However, production depleted rapidly and we now propose to recomplete in the Cisco (or Upper Penn). *formation*

Offset operators are notified by Certified Mail of this intent and are asked for waivers to the unorthodox location. An ownership plat is attached showing location of the well and its offset leases.

Thank you.

Sincerely,

YATES PETROLEUM CORPORATION

Eddie M. Mahfood
Eddie M. Mahfood
Engineer

EMM/ob

cc: Amoco
Mesa
Marathon
Northern Natural
NMOCD, Artesia



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3558

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

February 13, 1980

Joe D. Ramey, Secretary-Director
NMOCD
Drawer 2088
Santa Fe, New Mexico 87501

Re: Non-Standard Location, Eddy County
State JM Com #1, A-25-18S-24E

Dear Sir:

Administrative approval of an unorthodox location is sought under the provisions of OCC Rule 104F. The well was drilled to the Mississippi as a Morrow test located 660' FNL 660 FEL, and approved under NSL R-5831. The well was non-productive in the Mississippi but we did make a Morrow completion. However, production depleted rapidly and we now propose to recomplete in the Cisco (or Upper Penn).

Offset operators are notified by Certified Mail of this intent and are asked for waivers to the unorthodox location. An ownership plat is attached showing location of the well and its offset leases.

Thank you.

Sincerely,

YATES PETROLEUM CORPORATION

Eddie M. Mahfood
Eddie M. Mahfood
Engineer

EMM/ob

cc: Amoco
Mesa
Marathon
Northern Natural
NMOCD, Artesia

Certified Copy

[illegible]



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3533

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

February 13, 1980

Joe D. Ramsey, Secretary-Director
NMOC
Drawer 2088
Santa Fe, New Mexico 87501

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cc: Amoco
Mesa
Marathon
Northern Natural
NMOC, Artesia

Docket No. 6-80

Dockets Nos. 8-80 and 9-80 are tentatively set for March 26 and April 9, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - MARCH 11, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6609: (DE NOVO) (Continued and Readvertised)

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

CASE 6823: Application of Amoco Production Company for 640-acre carbon dioxide gas well spacing, Harding, Quay, and Union Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 104 of the Division Rules and Regulations to require that wildcat and development carbon dioxide gas wells projected to the Tubb or older formations in Harding, Quay, and Union Counties must be located on 640-acre spacing and proration units, and must be located no nearer than 1650 feet to the outer boundary of the tract and not nearer than 330 feet to any interior quarter-quarter section line.

Docket No. 7-80

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 12, 1980

9 A.M. - 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves County, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6813: (Continued from February 27, 1980, Examiner Hearing) (This case will be dismissed.)

Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

CASE 6834: Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico. (This case will be continued to March 26 and readvertised.)

Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its SEMU Burger Well No. 107 at an unorthodox location 2615 feet from the South and East lines of Section 24, Township 20 South, Range 38 East, to produce oil from the Blinbry Oil and Gas and Drinkard Pools.

CASE 6824: Application of American Trading and Production Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Talco Unit Area, comprising 4,800 acres, more or less, of State and Federal lands in Township 26 South, Range 35 East.

CASE 6815: (Continued and Readvertised)

Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1650 feet from the North and East lines of Section 27, Township 26 South, Range 30 East, the E/2 of said Section 27 being dedicated to the well.

CASE 6825: Application of Husky Oil Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its North Shore Woolworth Well No. 5 to be located in Unit E of Section 33, Township 24 South, Range 37 East, Jalmat Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6826: Application of Tahoe Oil and Cattle Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Penrose Skelly Pool underlying the SE/4 SE/4 of Section 25, Township 21 South, Range 36 East, to be dedicated to its Bromlee Well No. 1 located thereon. Also to be considered will be the cost of recompleting said 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 recompleting said well.

CASE 6827: Application of Consolidated Oil & Gas, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the SE/4 of Section 2, Township 30 North, Range 12 West, and in the Mesaverde formation underlying the S/2 of said Section 2, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said 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 said well.

CASE 6828: Application of Etheldred T. Ross for three non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval of the three following non-standard gas proration units, all in Township 19 North, Range 30 East: a 40-acre unit comprising the SW/4 NE/4 of Section 12; and two 80-acre units in Section 14, the first comprising the N/2 NW/4 and the second comprising the N/2 SE/4; each of said units would be dedicated to a well to be drilled to the Tubb formation at a standard location thereon.

CASE 6829: Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks findings that the drilling of its El Paso Tom Federal Wells Nos. 1, 2, and 3, in Units D, E, and F, respectively, of Section 33, Township 25 South, Range 37 East, Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be drained by the existing well on each of said well's respective proration unit.

CASE 6830: Application of Enserch Exploration, Inc. for special pool rules or, in the alternative, a special gas-oil ratio, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the South Peterson-Pennsylvanian Field including a special gas-oil ratio of 4,000 to 1, or in the alternative, establishing a special gas-oil ratio of 4,000 to 1 for its Lambirth Well No. 3, located in Unit G of Section 31, Township 5 South, Range 33 East.

CASE 6831: 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 recompletion of its State "JM" Well No. 1 in the Wolfcamp thru Cisco formations at an unorthodox location 660 feet from the North and East lines of Section 25, Township 18 South, Range 24 East, the N/2 of said Section 25 to be dedicated to the well.

CASE 6832: 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 recompletion of its Cities "JC" Well No. 1 in the Wolfcamp thru Cisco formations at an unorthodox location 660 feet from the South and East lines of Section 13, Township 18 South, Range 24 East, the E/2 of said Section 13 to be dedicated to the well.

CASE 6833: Application of Harvey E. Yates Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Betenbough Well No. 1, the surface location of which is 660 feet from the North line and 1980 feet from the West line of Section 32, Township 13 South, Range 36 East, in such a manner as to bottom it within 100 feet of a point 660 feet from the North line and 1830 feet from the West line of said Section 32 in the Austin-Mississippian Pool.

CASE 6818: (Continued from February 27, 1980, Examiner Hearing)

Application of Tenneco Oil Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

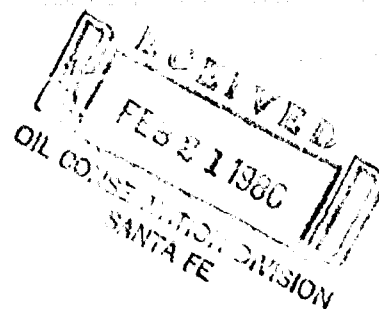
CASE 6835: Application of Anadarko Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its New Mexico State "AB" Com. Well No. 1 located in Unit H of Section 36, Township 18 South, Range 28 East.

CASE 6836: Application of Anadarko Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its New Mexico "AA" State Well No. 1 located in Unit F of Section 35, Township 18 South, Range 28 East.

CASE 6837: Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said 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 said well.

CASE 6819: (Continued from February 27, 1980, Examiner Hearing)

Application of V-F Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, North Teague Field, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.



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. 6831

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 Cisco formations underlying:

Township 18 South, Range 24 East, N.M.P.M.

Section 25: N/2

and has heretofore drilled as a Morrow producer its State "JM" Well No. 1, at an unorthodox location located 660 feet from the north line and 660 feet from the east line of said Section 25, and dedicated the N/2 of said Section 25 to the well.

2. Applicant proposes, from time to time, to recomplete said well as a gas well in the Wolfcamp through the Cisco formations and to dedicate the N/2 of said Section 25 to the well.

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

4. A standard 320-acre gas proration unit comprising the N/2 of said Section 25 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 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 recomplete in the Wolfcamp through the Cisco formations its State "JM" Well No. 1 at a point 660 feet from the north line and 660 feet from the east line of said Section 25, and to dedicate the N/2 of Section 25 to such well.

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

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

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

Attorneys for Applicant

RECEIVED
FEB 3 1980
OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR AN
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Township 18 South, Range 24 East, N.M.P.M.

Section 25: N/2

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2. Applicant proposes, from time to time, to recom-plete said well as a gas well in the Wolfcamp through the Cisco formations and to dedicate the N/2 of said Section 25 to the well.

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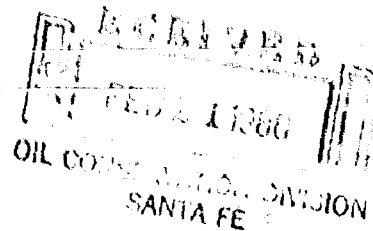
YATES PETROLEUM CORPORATION

By: Chad Dickerson

Chad Dickerson

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 PETROLEUM CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO

CASE NO.

6831

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Township 18 South, Range 24 East, N.M.P.M.

Section 25: N/2

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formations and to dedicate the N/2 of said section 25 to the
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adequately test the Wolfcamp through the Cisco formations.

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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 recomplete in the Wolfcamp through the Cisco formations its State "JM" Well No. 1 at a point 660 feet from the north line and 660 feet from the east line of said Section 25, and to dedicate the N/2 of Section 25 to such well.

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

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

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

Attorneys for Applicant

PLS
DRAFT

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:

CASE NO. 6831

ORDER NO. R- 6301

APPLICATION OF YATES PETROLEUM CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

Jon
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 12, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of March, 1980, 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.

herein,
(2) That the applicant, Yates Petroleum Corporation, seeks approval ~~for the recompletion of its State "SM" Well No. 1~~ *of the above-described* ~~at an unorthodox gas well location for the~~ *feet from the North line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East, NMPM, to test the Wolfcamp through Cisco formations, Pool, Eddy County, New Mexico.*

(3) That the N/2 of said Section 25 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 in the Wolfcamp through Cisco formations.

(2) That by Order No. R-5881-A, the Division approved an unorthodox location for the Morrow formation for the Yates Petroleum Corporation State SM Well No. 1 at a point 660 feet from the North line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico.

-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~~ ^{formations}, 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 Cisco~~ ^{formations} ~~the recompletion of its State "oil" well~~ formation is hereby approved for ~~to be located at a point~~ 660 feet from the North line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East NMPM, _____ Pool, Eddy County, New Mexico, is hereby approved for the Yates Petroleum Corporation.

(2) That the N/2 of said Section 25 shall be dedicated to the above-described well.

(4) 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 JM Well No. 1 in the Wolfcamp through Cisco formations.

(3) That the provisions of Division Order No. R-5831-A shall not be applicable to the subject well upon its recompletion in the Wolfcamp through Cisco formations.