

CASE 7114: YATES PETROLEUM CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION, *tion*
EDDY COUNTY, NEW MEXICO

Cont to 1/14

Case No.

7114

Application

Transcripts

Small Exhibits

ETC



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(305) 827-2434

February 13, 1981

Mr. Chad Dickerson
Losee, Carson & Dickerson
Attorneys at Law
P. O. Drawer 239
Artesia, New Mexico 88210

Re: CASE NO. 7114
ORDER NO. R-6580

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	<u>x</u>
Artesia OCD	<u>x</u>
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. 7114
Order No. R-6580

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 January 14,
1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of February, 1981, the Division
Director, having considered the record and the recommendations
of the Examiner, and being fully advised in the premises,

FINDS:

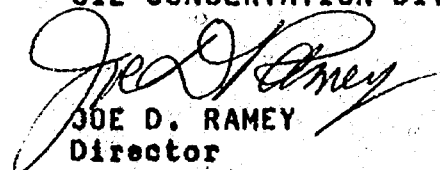
That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 7114 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above 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

14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7114

BEFORE: Richard L. Stamets

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:

1
2 MR. STAMETS: And we'll call Case 7114.

3 MR. PADILLA: Application of Yates Pet-
4 roleum Corporation for an unorthodox gas well location, Eddy
5 County, New Mexico.

6 MR. STAMETS: At the request of the
7 applicant this case will be dismissed.

8
9 (Hearing concluded.)
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C E R T I F I C A T E

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.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
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. 7114 heard by me on 7-14 1981.
Richard L. Stamm, Examiner
Oil Conservation Division

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

14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7114

BEFORE: Richard L. Stamets

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:

MR. STAMETS: And we'll call Case 7114.

MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. STAMETS: At the request of the applicant this case will be dismissed.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

I do hereby certify that the foregoing is
a correct and true transcript of the proceedings in
the hearing held on or about _____ No. _____
heard on _____ 19____.
_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7114

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:

MR. NUTTER: Call next Case Number 7114.

MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. NUTTER: Call for appearances in this case?

MR. MOTE: Clyde Mote appearing for Amoco Production Company.

We will protest that case and the January 14th date that they suggested is inconvenient. We'll try to work out something with the attorneys for the applicants.

MR. NUTTER: Okay, sir. In the meantime Case Number 7114 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. January 14th, 1981.

(Hearing concluded.)

C E R T I F I C A T E

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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7114, heard by me on 12/30 1980.

[Signature], Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7114

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:

MR. NUTTER: Call next Case Number 7114.

MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. NUTTER: Call for appearances in this case?

MR. MOTE: Clyde Mote appearing for Amoco Production Company.

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MR. NUTTER: Okay, sir. In the meantime Case Number 7114 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. January 14th, 1981.

(Hearing concluded.)

C E R T I F I C A T E

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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7114 heard by me on 12/30 1980.

Okuma, Examiner
Oil Conservation Division



Clyde A. Mote
Attorney

January 9, 1981

Amoco Production Company
500 Jefferson Building
P.O. Box 3002
Houston, Texas 77001
JAN 12 1981
OIL CONSERVATION DIVISION
SANTA FE

RK^s

Losee, Carson & Dickerson
Attorneys-at-Law
300 American Home Building
Drawer 239
Artesia, New Mexico 88210

Attention: Mr. Chad Dickerson

Re: Case 7114 - Application of Yates Petroleum for Unorthodox well location of its Rio Penasco "JX" Well No. 2 to be drilled 660 feet from the South and East lines of Section 35, T-18-S, R-25 East, Eddy County, Texas

Dear Sir:

It is my understanding that you represent Yates Petroleum and Mark Wilson in connection with the above application. I discussed this case with Mr. Carson in your absence on December 29th from Santa Fe.

We have been advised that Mr. Mark Wilson has agreed to dismiss this application at the proposed location and refile such application for drilling at a point some 660 feet from the East line and 1650 feet from the South line of Section 25.

We have no objection to your dismissal of the pending application in Case No. 7114 and based on this information will not be present for the scheduled hearing on January 14, 1981.

I have tried to reach you by phone but so far have been unsuccessful. If we have in any way misunderstood your client's intention or position, please advise collect by phone immediately so we may be present for the scheduled hearing.

Sincerely yours,

CAM:dr

cc: ✓ Mr. Richard L. Stamets, Examiner
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

CASE 7133: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the NW/4 of Section 12, Township 15 South, Range 27 East, to be dedicated to its Hurd Well No. 1 in Unit C, and the other being the SW/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of the section.

CASE 7134: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the NW/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Langley "Com" Well No. 1 in Unit C, and the other being the NE/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.

CASE 7100: (Continued from the December 10, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.

CASE 7086: (Continued from the December 10, 1980, Examiner Hearing)

Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 6940: (Continued from the December 30, 1980, Examiner Hearing)

Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7103: (Continued from the December 30, 1980, Examiner Hearing)

Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7114: (Continued from the December 30, 1980, Examiner Hearing)

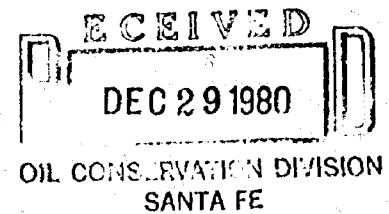
Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Penasco "JX" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to the well.

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

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

AREA CODE 505
746-3508

December 24, 1980



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

Re: Case No. 7114
Examiner Hearing of December 30, 1980
S/2 Sec. 35, T-18-S, R-25-E, N.M.P.M.
Rio Penasco "JX" No. 2 Well

Dear Mr. Ramey:

Please continue the above case entitled "In the Matter of the Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location, Eddy County, New Mexico," until the January 14, 1981 Examiner Hearing.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

A handwritten signature in cursive script, appearing to read "Chad Dickerson".

Chad Dickerson

CD:pvm
Enclosures

cc: Yates Petroleum Corporation

ATWOOD, MALONE, MANN & COOTER

A PROFESSIONAL ASSOCIATION

LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

RECEIVED

DEC 29 1980

OIL CONSERVATION DIVISION
SANTA FE

CHARLES F. MALONE
RUSSELL D. MANN
A. COOTER
BOB F. TURNER
JOHN W. BASSETT
ROBERT E. SABIN
BRIAN W. COPPLE

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

STEVEN L. BELL
WILLIAM P. LYNCH
RODNEY M. SCHUMACHER

December 23, 1980

Mr. Joe Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

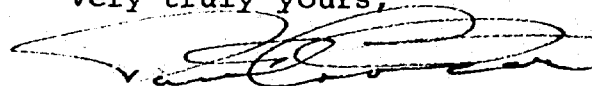
RE: Examiner Hearing - Tuesday, December 30, 1980
Cause No. 7114

Dear Mr. Ramey:

We would appreciate your filing the enclosed Entry
of Appearance for Amoco Production Company in Cause No. 7114.

Your assistance in this matter is appreciated.

Very truly yours,



Paul Cooter

PC/le

Enc.

cc: C. A. Mote, Esq.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

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

NO. 7114

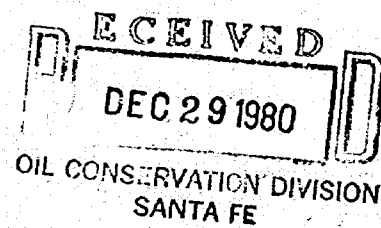
ENTRY OF APPEARANCE

The undersigned hereby enter their appearance on
behalf of Amoco Production Company with C. A. Mote of Houston,
Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

By 

P. O. Drawer 700
Roswell, New Mexico 88201



Dockets Nos. 1-81 and 2-81 are tentatively set for January 14 and 28, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 30, 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:

- CASE 7113: Application of Fred Pool, Jr. for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of his Grynberg Com Fed. Well No. 1 located in Unit J of Section 13, Township 6 South, Range 24 East, to produce gas from the Abo and Pennsylvanian formations.
- CASE 7051: (Continued from November 25, 1980, Examiner Hearing)
Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.
- CASE 6940: (Continued from November 25, 1980, Examiner Hearing)
Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7103: (Continued from December 10, 1980, Examiner Hearing)
Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7114: 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 its Rio Penasco "JX" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to the well.
- CASE 7115: 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 Morrow test well to be drilled 660 feet from the South and East lines of Section 14, Township 17 South, Range 26 East, the S/2 of said Section 14 to be dedicated to the well.
- CASE 7116: Application of Southland Royalty Company for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying portions of Townships 31 and 32 North, Ranges 10, 11, 12, and 13 West, containing 93,860 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

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

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

AREA CODE 505
746-3508

December 9, 1980

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

Re: Rio Penasco "JX" No. 2 Well
S/2 Sec. 35, T-18-S, R-25-E, N.M.P.M.

Dear Mr. Ramey:


Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that you furnish us with a docket of said hearing.

Thank you.

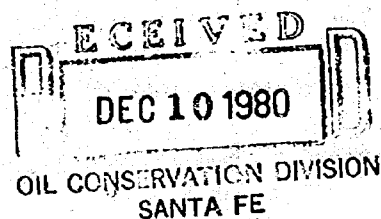
Sincerely yours,

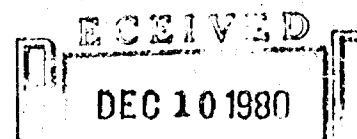
LOSEE, CARSON & DICKERSON, P.A.


Chad Dickerson

CD:pvm
Enclosures

cc w/enclosure: Yates Petroleum Corporation





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
UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 18 South, Range 25 East, N.M.P.M.

Section 35: S/2

and proposes to drill its Rio Penasco "JX" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 35. Applicant is the operator of the Rio Penasco "JX" No. 1 Well, located 1,980 feet from the west line and 660 feet from the south line of said Section 35. The S/2 of said section is dedicated to the well.

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 Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be 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 its Rio Penasco "JX" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 35, and to dedicate the S/2 of Section 35, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By:


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, BDDY : CASE NO. _____
COUNTY, NEW MEXICO :
:

APPLICATION

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Township 18 South, Range 25 East, N.M.P.M.

Section 35: S/2

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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 drill its Rio Penasco "JK" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 35, and to dedicate the E/2 of Section 35, which is reasonably presumed to be productive of gas from the Morrow formation, to said 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
DEC 10 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 :
UNORTHODOX GAS WELL LOCATION, EDDY : CASE NO. _____
COUNTY, NEW MEXICO :
_____ :

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 10 South, Range 25 East, N.M.P.M.

Section 35: S/2

and proposes to drill its Rio Penasco "JX" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 35. Applicant is the operator of the Rio Penasco "JX" No. 1 Well, located 1,980 feet from the west line and 660 feet from the south line of said Section 35. The S/2 of said section is dedicated to the well.

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 Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be 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 its Rio Penasco "JX" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 35, and to dedicate the S/2 of Section 35, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

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

Attorneys for Applicant

DRAFT

dr/


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

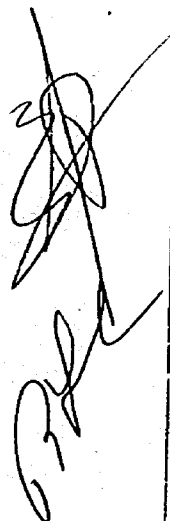
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7114

Order No. R- 6580

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 January 14,
19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of January, 19 81, the Division
Director, having considered the record and the recommendations of
the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7114 is hereby dismissed.

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