

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 10862
Order No. R-10034**

**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 8:15 a.m. on December 2, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of December, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Yates Petroleum Corporation, seeks authority to drill its Redbone "BP" Federal Well No. 2 at an unorthodox gas well location 1980 feet from the North line and 510 feet from the East line (Unit H) of Section 10, Township 24 South, Range 24 East, NMPM, Crooked Creek-Morrow Gas Pool, Eddy County, New Mexico.

(3) The applicant proposes to dedicate the N/2 of Section 10 to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The applicant further seeks approval of the unorthodox location as to any formation and/or pool developed on 320 acres within the wellbore's vertical extent.

(5) The proposed well is located within the Crooked Creek-Morrow Gas Pool which is currently governed by General Statewide Rules and Regulations which require standard 320-acre spacing and proration units with wells to be located no closer than 1980 feet from the end boundary, nor closer than 660 feet from the side boundary of the proration unit, nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(6) According to applicant's evidence and testimony, the proposed unorthodox location is necessitated by both topographic and geologic considerations.

(7) The Redbone "BP" Federal Well No. 2 was originally staked at an unorthodox location 1980 feet from the North line and 660 feet from the East line; however, due to topographic considerations, the Bureau of Land Management (BLM) requested that the subject well be moved to its present location.

(8) The applicant presented geologic evidence and testimony which indicates that a well at the proposed unorthodox location should penetrate a thicker section of the targeted "Moncrief Sand", and at a structurally higher position within the Morrow formation than a well drilled at a standard gas well location thereon, thereby increasing the likelihood of obtaining commercial gas production.

(9) Moncrief Oil, the operator of the affected acreage to the east of the proposed location in Section 11, was notified of the application in this case but did not appear in opposition.

(10) No other operator and/or interest owner appeared in opposition to the application.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected 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 THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Redbone "BP" Federal Well No. 2 at an unorthodox gas well location 1980 feet from the North line and 510 feet from the East line (Unit H) of Section 10, Township 24 South, Range 24 East, NMPM, Crooked Creek-Morrow Gas Pool, Eddy County, New Mexico.

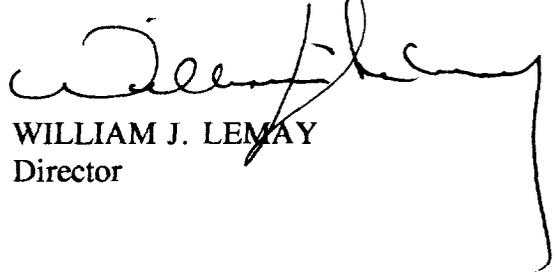
(2) The N/2 of Section 10 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) The subject unorthodox gas well location is also hereby approved as to any formation and/or pool developed on 320 acres within the wellbore's vertical extent.

(4) Jurisdiction of this cause is hereby 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



WILLIAM J. LEMAY
Director

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