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. 9628
Order No. R-8908

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 March 29, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of April, 1989, 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 re-enter the Carper Drilling Company, Inc. Marathon State Well No. 1 located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 33, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, to test any and all formations and/or pools within the vertical interval from the top of the Wolfcamp formation to the base of the Morrow formation.

(3) The applicant further proposes to dedicate a standard 320-acre gas spacing and proration unit to the above-described well consisting of the N/2 of said Section 33.

(4) Division records indicate that the subject well, which was originally permitted at a standard oil well location in anticipation of an oil completion, was drilled in 1964 to a total depth of approximately 7020 feet and was subsequently plugged and abandoned.

(5) Testimony at the hearing indicates that the applicant has re-entered and deepened the subject well to the Pennsylvanian and has encountered commercial gas production from the Morrow formation.

(6) Yates Petroleum Corporation is the owner of all affected offset acreage.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pools, 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.

(8) The record in this case further indicates that under the provisions of Division Rule No. 104 (F), the applicant has administratively applied for approval of an unorthodox gas well location for the subject well as to the Wolfcamp formation only.

(9) By Order No. NSL-2637, dated February 24, 1989, the Division granted the applicant's request.

(10) Division Order No. NSL-2637 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to re-enter the Carper Drilling Company, Inc. Marathon State Well No. 1 located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 33, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, and test any and all formations and/or pools within the vertical interval from the top of the Wolfcamp formation to the base of the Morrow formation.

(2) The N/2 of said Section 33 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing in which the subject well is completed as a result of this order.
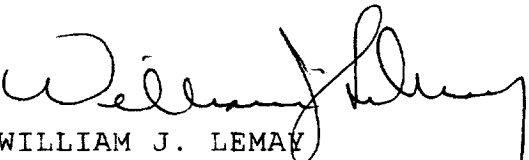
(3) Division Order No. NSL-2637 dated February 24, 1989, is hereby superseded by this order.

CASE NO. 9628
Order No. R-8908
Page -4-

(4) 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

WILLIAM J. LEMAY
Director

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