

**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. 10711 (Reopened)
Order No. R-9896-A**

**IN THE MATTER OF CASE NO. 10711
BEING REOPENED UPON THE APPLICATION
OF YATES PETROLEUM CORPORATION FOR
NEW PRODUCING WELL LOCATIONS IN THE
WATERFLOOD PROJECT APPROVED FOR ITS
CREEK "AL" FEDERAL LEASE BY DIVISION
ORDER NO. R-9896, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of October, 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) By Order No. R-9896 issued in Case No. 10711 on May 18, 1993, the Division authorized Yates Petroleum Corporation to institute a waterflood project on its Creek "AL" Federal Lease comprising the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2 S/2 of Section 24, and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, NMPM, Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico, by the injection of water into the Queen and Grayburg formations through three injection wells located in Sections 24 and 25.

(3) At the original hearing, the applicant had proposed to drill two additional producing wells within the Creek "AL" Federal Shugart Waterflood Project, these being the Creek "AL" Federal Well No. 12 to be located 1155 feet from the North line and 330 feet from the West line (Unit D) of Section 25, and the Creek "AL" Federal Well No. 13 to be located 2310 feet from the North line and 330 feet from the West line (Unit E) of Section 25.

(4) The applicant, Yates Petroleum Corporation, seeks authority in the immediate reopened case to change the well location for the Creek "AL" Federal Well No. 12 to 1405 feet from the North line and 330 feet from the West line (Unit E) of Section 25, and to change the well location for the Creek "AL" Federal Well No. 13 to 2510 feet from the North line and 330 feet from the West line (Unit E) of Section 25.

(5) The proposed well location changes are necessitated by archaeologic and/or topographic considerations.

(6) The proposed location of the Creek "AL" Federal Well No. 13 is located 130 feet from the boundary separating the Creek "AL" Federal Shugart Waterflood Project and the Hanson Operating Company Inc. Benson Shugart Waterflood Project.

(7) Although the applicant testified that it did not have a lease-line agreement in place with Hanson Operating Company Inc. with regards to the location of the Creek "AL" Federal Well No. 13, it did present as evidence a waiver of objection to the proposed locations from Hanson Operating Company Inc.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the subject application will afford the applicant the opportunity to drill the proposed producing wells at satisfactory locations thereby completing an efficient production/injection pattern within the Creek "AL" Federal Shugart Waterflood Project.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Creek "AL" Federal Well No. 12 at an amended unorthodox location 1405 feet from the North line and 330 feet from the West line (Unit E) of Section 25, and to drill its Creek "AL" Federal Well No. 13 at an amended unorthodox location 2510 feet from the North line and 330 feet from the West line (Unit E) of Section 25, both wells being producing wells within the applicant's Creek "AL" Federal Shugart Waterflood Project, Eddy County, New Mexico.

CASE NO. 10711 (Reopened)

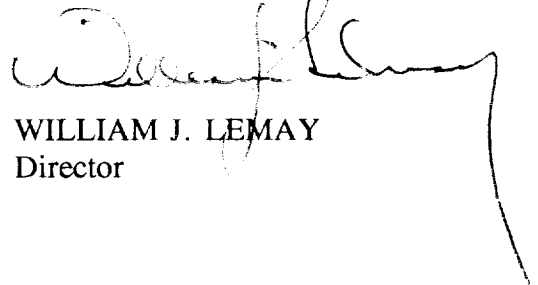
Order No. R-9896-A

Page -3-

(2) 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

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name and title.

WILLIAM J. LEMAY
Director

S E A L