

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR DIRECTIONAL DRILLING AND
UNORTHODOX BOTTOMHOLE LOCATIONS,
EDDY COUNTY, NEW MEXICO.

OFFICE OF THE
ATTORNEY GENERAL
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO
SEP 13 1986

CASE NO. 11339

AMENDED APPLICATION

Yates Petroleum Corporation, through its undersigned attorneys, hereby makes application pursuant to Oil Conservation Division Rule 111 to directionally drill its Zinnia Federal Unit No. 1 Well to the Strawn formation, East Burton Flat-Strawn Gas Pool, and the Wolfcamp formation as a wildcat Wolfcamp well, and in support of this application states:

1. Applicant is the operator of the N/2 of Section 27, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant drilled its Zinnia Federal Unit No. 1 Well at a surface location 1,980 feet from the North line and 910 feet from the West line of Section 27.
3. The primary objective in the well was the Strawn formation but the well was drilled to a measured depth of 12,550 feet to test the Morrow formation.
4. Due to the proximity of this well to the Potash Area, the well had to be directionally drilled to an unorthodox bottomhole location in the Morrow 2,093 feet from the North line and 2,542 feet from the West line of Section 27 at a measured depth of 11,942 feet.

5. The well did not produce from the Morrow and was completed at an unorthodox bottomhole location in the Strawn A porosity zone, East Burton Flat-Strawn Gas Pool, 2,065 feet from the North line and 2,480 feet from the West line in Section 27 at a measured depth of 10,935 feet.

6. The well displayed only marginal production characteristics in the Strawn and in an effort to salvage the well, was recompleted in the Wolfcamp formation at an unorthodox bottomhole location 2,055 feet from the North line and 2,277 feet from the West line of Section 27 at a measured depth of 9,870 feet.

7. After the original application for Permit to Drill was approved for this well by the Bureau of Land Management on April 26, 1994, but prior to the commencement of drilling on December 17, 1994, the Zinnia Federal Unit was formed and the N/2 spacing unit to which the Zinnia Federal No. 1 Well is dedicated was included therein.

8. The well is an interior well in the Zinnia Federal Unit which does not encroach on any other operator.

9. The Notice of Intent to recomplete the well in the Wolfcamp formation was approved by the Bureau of Land Management on June 8, 1995.

10. The original application for approval of the directional drilling of this well and its unorthodox bottomhole locations was filed with the New Mexico Oil Conservation Division on June 19, 1995.

11. Due to the (a) pending changes in the procedures for administrative approval

of unorthodox well locations for geologic reasons, (b) the fact that the well did not encroach on any other operator and (c) that it was located in an approved Federal Unit, the Division was asked to continue the hearing on this application so an administrative application could be filed under revised Rule 104.

12. Revised Rule 104 was adopted by the Commission on January 18, 1996.

13. Contemporaneously with the filing of this Amended Application, Applicant has filed an administrative application for approval of the directional drilling of this well and the unorthodox Wolfcamp and Strawn bottomhole locations.

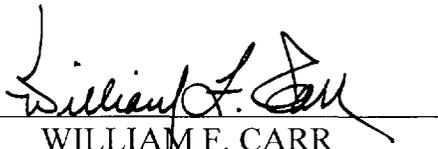
14. Directional drilling of this well was necessary to efficiently produce the reserves which underlie the N/2 of Section 27.

15. Approval of this application will enable the Applicant to produce hydrocarbons that otherwise would not be produced and will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 7, 1996, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application and providing such other relief as is proper.

Respectfully submitted,

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