

FISK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

(505) 746-9841

JOHN FISK
DAVID R. VANDIVER

FAX
(505) 746-4208

September 5, 1989

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 9700 - Compulsory Pooling
Catclaw "AGM" State Com. No. 1 Well
Township 20 South, Range 24 East, NMPM
Section 2: N/2
Eddy County, New Mexico

Case No. 9725 - Unorthodox Location
Red Rock "NB" Federal No. 2 Well
Township 6 South, Range 25 East, NMPM
Section 28: SW/4
Chaves County, New Mexico

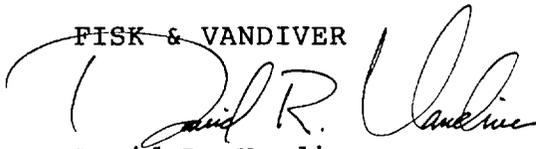
Gentlemen:

Please continue the hearings set on the captioned applications of Yates Petroleum Corporation which are ~~scheduled for September 6, 1989, until the Examiner Hearing of September 20, 1989.~~

Thank you.

Very truly yours,

FISK & VANDIVER


David R. Vandiver

DRV:pvw

cc: Ms. Kathy Colbert

FISK, VANDIVER & CATRON

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E

ARTESIA, NEW MEXICO 88210

(505) 746-9841

JOHN FISK
DAVID R. VANDIVER
JAMES W. CATRON

August 18, 1989

RECEIVED

FAX
(505) 746-4208

AUG 21 1989

OIL CONSERVATION DIV.
SANTA FE

De M.S.

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 9698 - Unorthodox Location
Dragonfly State Unit No. 2 Well
Township 9 South, Range 27 East, NMPM
Section 31: S/2
Chaves County, New Mexico

Case No. 9700 - Compulsory Pooling
Catclaw "AGM" State Com. No. 1 Well
Township 20 South, Range 24 East, NMPM
Section 2: N/2
Eddy County, New Mexico

Case No. 9725 - Unorthodox Location
Red Rock "NB" Federal No. 2 Well
Township 6 South, Range 25 East, NMPM
Section 28: SW/4
Chaves County, New Mexico

Gentlemen:

Please continue the hearings set on the captioned applications of Yates Petroleum Corporation which are scheduled for August 23, 1989, until the Examiner Hearing of September 6, 1989.

Thank you.

Very truly yours,

FISK & VANDIVER

David R. Vandiver
David R. Vandiver

DRV:pvw

cc: Ms. Kathy Colbert

For August 23rd

CASE

APPLICATION OF VATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location ~~within~~ for its Red Rock "NB" Federal Well No. 2 to be drilled 330 feet from the South line and 1980 feet from the West line (Unit A) of Section 28, Township 6 South, Range 25 East, Pecos Slope No Gas Pool, the SW^{1/4} of said Section 28 to be dedicated to said well forming a ~~well~~ standard 160-acre gas spacing and production unit for said pool.

CASE 9031: (Continued from November 5, 1986, Examiner Hearing)

Application of ~~W~~ ~~ates~~ Petroleum Corporation for hardship gas well classification, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Mescal "SE" Federal Well No. 1 located 660 feet from the North line and 1750 feet from the West line (Unit C) of Section 18, Township 21 South, Range 22 East, Little Box Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Applicant

Opposition:

Attorney

Witness(es)

2

3

Cont. 12/17/86

Order Issued By D.R.C.

Continued To December 17, 1986

Dismissed

Order Finalized 12/31/86

Order No. R-8378 Case No. 9031

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

July 18, 1989

RECEIVED

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

JUL 20 1989

OIL CONSERVATION DIV.
SANTA FE

Attention: Mr. William LeMay

Re: Non-Standard Location
Red Rock "NB" Federal #2
330' FSL & 1980' FWL
Section 28, T6S-R25E
Chaves County, New Mexico

Gentlemen:

Case 9725

Yates Petroleum Corporation requests administrative approval for the non-standard location as provided for under NMOCD Rule 104F.

The reason for requesting this non-standard location is topographic. Our preferred location was 660' FSL and 1980' FEL but this location fell in major drainage. Our next choice is 330' FSL and 1980' FWL.

Enclosed please find a copy of the lease map showing the offsetting operator, a topographic map of the area, a survey plat and copies of the certification slip showing where the offset operators have been notified. Offset operator has been notified of our intentions, by certified mail, via a xerox copy of this letter. Yates Petroleum Corporation has the other offsetting leases.

Formations we expect to drill through are: San Andres, Glorieta, Yeso and the Abo.

If you have any questions concerning this matter, please do not hesitate to call us.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Clifton R. May
Clifton R. May
Permit Agent

Enclosures

August 23, 1989

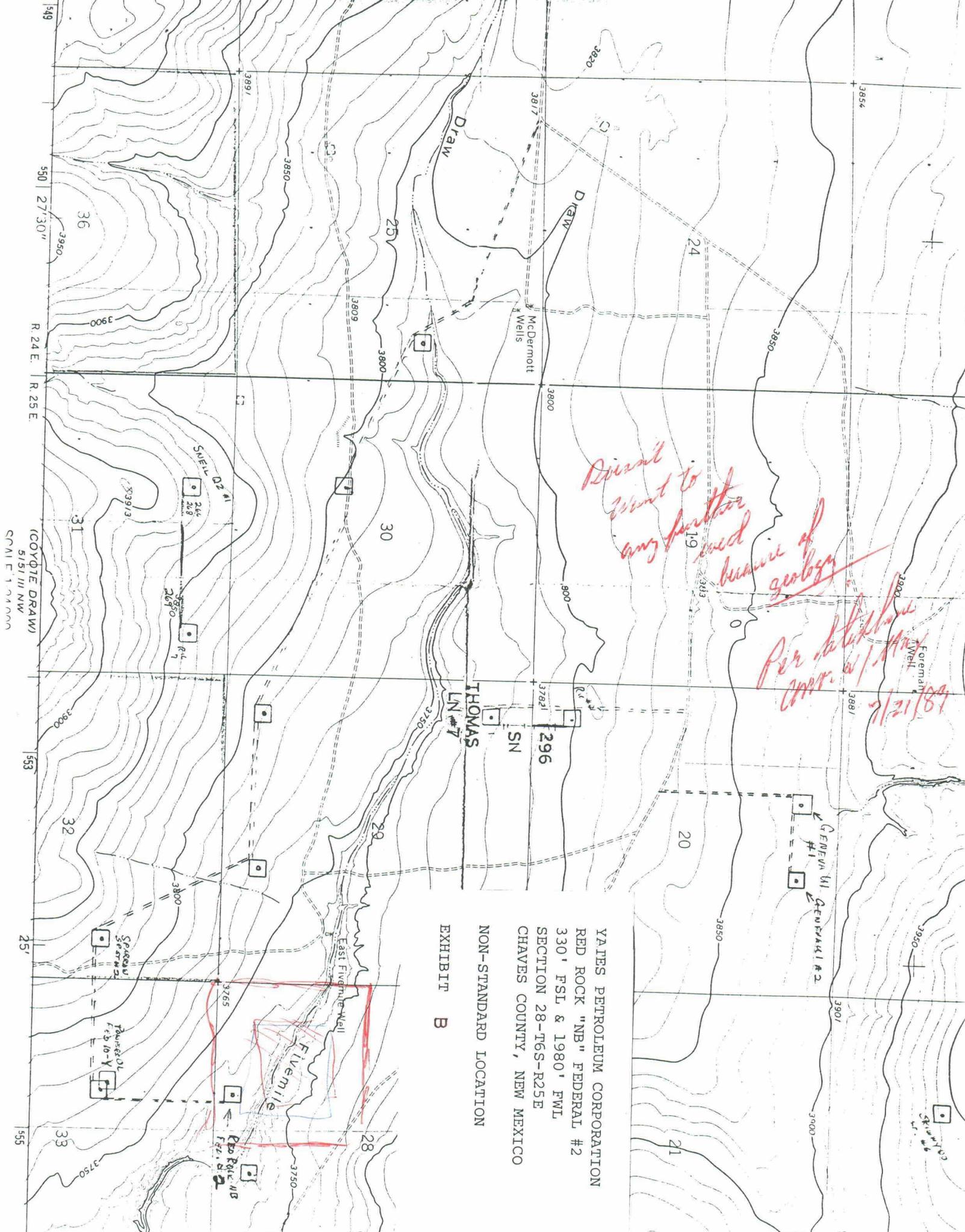
Red Rock "NB" Federal #2
330" FNL and 1980" FWL of
Section 28-T6S-R25E
Chaves County, New Mexico

Offset Operators:

Mesa Operating Limited Partnership
P. O. Box 2009
Amarillo, Texas 79189-2009

Attention: Mr. Mark Seale

Yates Petroleum Corporation has the other offsetting leases.



YATES PETROLEUM CORPORATION
 RED ROCK "NB" FEDERAL #2
 330' FSL & 1980' FWL
 SECTION 28-T6S-R25E
 CHAVES COUNTY, NEW MEXICO

NON-STANDARD LOCATION

EXHIBIT B

(COYOTE DRAW)
 5151 III NW
 SCALE 1:24,000

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease RED ROCK "NB" FEDERAL		Well No. 2
Unit Letter N	Section 28	Township 6 South	Range 25 East	County NMPM	Chaves

Actual Footage Location of Well:

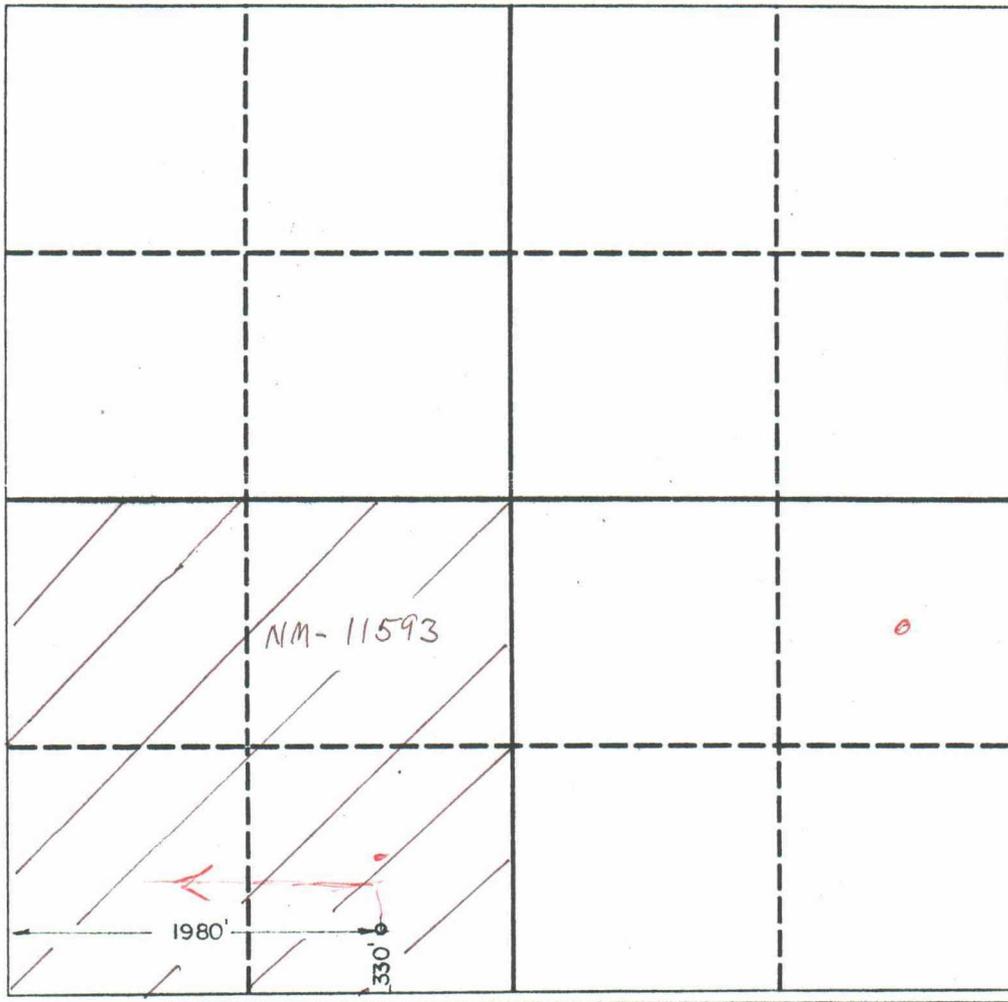
1980 feet from the West line and	330 feet from the South line	Dedicated Acreage: 160 Acres
Ground level Elev. 3741.9	Producing Formation Abo	Pool PECOS SLOPE Abo

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

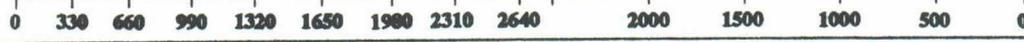
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Clifton R. May*
 Printed Name: CLIFTON R. MAY
 Position: PERMIT AGENT
 Company: YATES PETROLEUM CORPORATION
 Date: 7-18-89

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: 7/17/89
 Signature and Seal of Professional Surveyor: *Herschel L. Jones*
 Certificate No. 3540
 State of New Mexico
 Professional Surveyor



MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

July 18, 1989

Mesa Operating Limited Partnership
P. O. Box 2009
Amarillo, Texas 79189-2009

Re: Non-Standard Location for
Red Rock "NB" Federal #2
330' FSL & 1980' FWL
Section 28, T6S-R25E
Chaves County, New Mexico

Gentlemen:

Please sign and return one (1) copy to Yates Petroleum Corporation, 105 South Fourth Street, Artesia, New Mexico 88210, to the attention of Clifton R. May, and one (1) copy to New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501, to the attention of Mr. William LeMay, if you have no objections to the proposed non-standard location listed above. A xerox copy of a letter to Mr. William LeMay is attached to tell you of our intentions.

W A I V E R

As an offset operator, Mesa Operating Limited Partnership has no objections to the non-standard location for the captioned well.

Name

Title

Date

P 920 344 591

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Mesa Operating Ltd. Partnership	
Street and No. P. O. Box 2009	
P.O., State and ZIP Code Amarillo, TX 79189-2009	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3800, Jun 78, 1985

Fold at line over flap of envelope to the right of the return address

CERTIFIED

P 920 344 591

MAIL

PS Form 3811, Feb. 1986

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
Mesa Operating Limited Partnership
P. O. Box 2009
Amarillo, Texas 79189-2009

4. Article Number
P 920 344 591
Type of Service:
 Registered Certified
 Express Mail
 Insured
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)
Red Rock NB Fed. #2

DOMESTIC RETURN RECEIPT

7/20/89 Called Clifton R. May
not in - will call back

7/20/89 Missed Cliff May's call - tried calling back not in

7/21/89 8:50 AM Called Clifton May
Doesn't want to move to the
west for geological reasons.

7/21/89 9:05 left word for Ruben Sanchez w/ Russell Blakely to call me
back

7/21/89 9:07 left word for Mike Williams to call me
back.

Yates Petroleum Corporation
205 South Fourth Street
Dallas, Texas 75201
Phone: 214-751-1111
Telex: 214711

000000000000
000000000000
000000000000
000000000000
000000000000

Re: Non-Standard Gas Well location
Red Rock "NB" Federal Well No. 2
330' FSL - 1980' FWL (N) 28, T6S,
R25E, Peos Slope N60 E Gas Pool,
Cherokee County.

The reason for requesting this non-standard location is topographic. Our preferred location was 660' FSL and 1980' FWL but this location fell in major drainage. Our next choice is 330' FSL and 1980' FWL.

"The reason for requesting this non-standard location is topographic. Our preferred location was 660' FSL and 1980' FWL but this location fell in major drainage. Our next choice is 330' FSL and 1980' FWL."

It is my understanding that an alternative location but to the west of the original location would not be acceptable to Yates because of geological considerations. Since there is not sufficient pressure for an application for a gas well location, the location will require a hearing.

at 660' FSL and 1980' FWL would be acceptable to Yates because of geological considerations.

All available records will be provided. If you should have any questions, please contact the office.

ILLEGIBLE



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

July 18, 1989

Northwest Pipeline Corporation
P.O. Box 90
Farmington, NM 87499

Attention: Mike Turnbaugh,
Senior Engineer

RE: Application for a
non-standard gas
proration unit; Rosa
Unit Well No. 203,
1040' FSL -820' FEL
(Unit P), Section
18, Township 31
North, Range 5 West.

Dear Mr. Turnbaugh:

The subject application show that the proposed Rosa Unit Well No. 203 will be located in the SE/4 of said Section 18, which, pursuant to Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool, as promulgated by Division Order No. R-8768, is an unorthodox coal gas well location.

I will therefore hold this application until such time as a request for administrative approval on this well's location is filed.

If you should have any questions concerning this matter, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner".

Michael E. Stogner
Administrative Application Reviewer

MES/ag

cc: Oil Conservation Division - Aztec

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

July 21, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Clifton R. May, Permit Agent
YATES PETROLEUM CORPORATION
105 South Fourth Street
Artesia, New Mexico 88210

Case 9725

RE: Non-Standard Gas Well Location
Red Rock "NB" Federal Wll No. 2
330' FSL, 1980' FNL (N) 28, T6S,
R25E, Pecos Slope Abo Gas Pool,
Chaves, County.

Dear Mr. May:

Per our telephone conversation today concerning that particular portion of your filing, dated July 19, 1989 which states:

"The reason for requesting this non-standard location is topographic. Our preferred location was 660' FSL and 1980' FEL but this location fell in major drainage. Our next choice is 330' FSL and 1980' FWL."

It is my understanding that an alternative location back to the west of the original location at either another standard location or at a less unorthodox location was not acceptable to Yates because of geological reasons. Since there is no administrative procedure for geological considerations for a gas well spaced on 160-acres (see General Rule 104.F.I), this matter will require a hearing before an examiner.

The next available Docket will be August 23, 1989. If you should have any question concerning this matter, please contact me.

Sincerely,



Michael E. Stogner, Engineer
Chief Hearing Officer

MES/sl

cc: Vic Lyon
William LeMay
U.S.B.L.M., Roswell
OCD Artesia Office

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Case No. 9725
Petroleum Corporation for
an unorthodox gas well
location, Chaves County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
October 18, 1989

ORIGINAL

CUMBRE COURT REPORTING
(505) 984-2244

1 HEARING EXAMINER: On The fifth page, I'll
2 call Case No. 9725, which is the application of Yates
3 Petroleum Corporation for an unorthodox gas well
4 location, Chaves County, New Mexico.

5 At the Applicant's request, this case will
6 be continued to the examiner's hearing scheduled for
7 November 1, 1989.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4

5
6 EXAMINER HEARING
7

8
9 IN THE MATTER OF:
10

11 Application of Yates Case No. 9725
12 Petroleum Corporation for
13 an unorthodox gas well
14 location, Chaves County, New Mexico
15

16
17 TRANSCRIPT OF PROCEEDINGS
18

19
20 BEFORE: MICHAEL E. STOGNER, EXAMINER
21

22
23 STATE LAND OFFICE BUILDING

24 SANTA FE, NEW MEXICO

25 October 4, 1989

ORIGINAL

CUMBRE COURT REPORTING
(505) 984-2244

A P P E A R A N C E S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FOR THE DIVISION: Robert G. Stovall
 Attorney at Law
 Legal Counsel to the Divison
 State Land Office Building
 Santa Fe, New Mexico

1 HEARING EXAMINER: I'll call the next case,
2 No. 9725.

3 MR. STOVALL: Application of Yates
4 Petroleum Corporation for an unorthodox gas well
5 location, Chaves County, New Mexico.

6 Applicant requests this case be continued
7 to October 18, 1989.

8 HEARING OFFICER: Case No. 9725 will be
9 continued to the Examiner Hearing scheduled for
10 October 18, 1989.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CERTIFICATE OF REPORTER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Deborah O'Bine, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL November 1,, 1989.

Deborah O'Bine

DEBORAH O'BINE
CSR No. 127

My commission expires: August 10, 1990

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9725, heard by me on 4/2/89 1989.

Michael J. ..., Examiner
Oil Conservation Division