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OIL CONSERVATION DIVISION  
RECEIVED

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December 4, 1989

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

*Case 9846*

Re: Clifford "ADD" No. 1 Well  
Township 19 South, Range 24 East, NMPPM  
Section 35: SE/4  
Eddy County, New Mexico

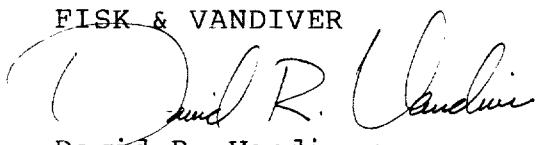
Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico. Also enclosed is an extra copy of the Application which we would appreciate your returning to us in the enclosed stamped self-addressed envelope after inserting the docket number.

Please set this matter for hearing before an Examiner on December 27, 1989.

Thank you.

Very truly yours,

FISK & VANDIVER  
  
David R. Vandiver

DRV:pvw  
Enclosures

cc w/enclosure: Yates Petroleum Corporation

OIL CONSERVATION DIVISION  
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BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :  
OF YATES PETROLEUM CORPORATION :  
FOR COMPULSORY POOLING, EDDY :      CASE NO. 9846  
COUNTY, NEW MEXICO :  
:

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APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the following described lands in Eddy County, New Mexico:

Township 19 South, Range 24 East, N.M.P.M.

Section 35: SE/4

containing 160 acres, more or less,

and proposes to drill its Clifford "ADD" No. 1 Well at an orthodox location 660 feet from the south line and 660 feet from the east line (Unit P) of said Section 35 to a depth sufficient to test all formations from the surface through the base of the Canyon formation, at approximately 8,100 feet.

2. A standard 160-acre proration unit comprising the SE/4 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 160-acre spacing; and a standard 40-acre proration unit comprising SE/4 SE/4 of said Section 35 should be dedicated to such well or to such

lesser portion thereof as is reasonably shown to be productive of oil and gas from any formation developed on 40-acre spacing.

3. There are interest owners in the unit who have not agreed to pool their interests.

4. Applicant should be designated the operator of the well and the proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense, his just and fair share of the oil and gas in said unit, all mineral interests, whatever they may be, should be pooled.

6. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

8. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent 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.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order pooling all mineral interests, whatever they may be, from the surface down to the base of the Canyon formation, underlying SE/4 Section 35, Township 19 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in all formations which may be developed on 40-acre spacing underlying SE/4 SE/4 said Section 35, or such lesser portion as may be productive of oil and gas and dedicated to Applicant's well.

C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By:   
\_\_\_\_\_  
David R. Vandiver

FISK & VANDIVER  
Seventh and Mahone, Suite E  
Artesia, New Mexico 88210  
(505) 746-9841

Attorneys for Applicant

## SECTION II

(RED TANK MORROW GAS POOL) - Cont'd.

(d) In lieu of Paragraph (c) of this rule, the applicant may notify the Commission of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1850 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Red Tank Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved, that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing at the name and location of the well on or before December 20, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Red Tank Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file New Form C-102 with the Commission indicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Red Tank Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That thus case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Red Tank Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Red Tank Morrow Gas Pool should not be developed to 320-acre spacing units.

Failure to file New Form C-102 with the Commission indicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Red Tank Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That thus case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Red Tank Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Red Tank Morrow Gas Pool should not be developed to 320-acre spacing units.

## SECTION II

(NORTH DAGGER DRAW-UPPER PENNSYLVANIAN  
(ORDER NO. R-4791-A) POOL - Cont'd.)

FINDS:

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

(2) That by Order No. R-4691, dated December 11, 1973, temporary special rules and regulations were promulgated for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, establishing temporary 320-acre spacing units and proration units, and a special depth bracket allowable of 427 barrels of oil per day.

(3) That pursuant to the provisions of Order No. R-4691, this case was reopened to allow the operators in the subject pool to appear and show cause why the North Dagger Draw-Upper Pennsylvanian Pool should not be developed on 160-acre spacing units and why the special depth bracket allowable should remain in effect.

(4) That the evidence establishes that one well in the North Dagger Draw-Upper Pennsylvanian Pool can efficiently and economically drain and develop 160 acres and that the depth bracket allowable should be commensurate therewith, or 267 barrels of oil per day.

(5) That the Special Rules and Regulations promulgated by Order No. R-4691, if amended to provide for 160-acre spacing units and to provide depth bracket allowable of 267 barrels of oil per day, will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(6) That this case should be reopened at an examiner hearing in February, 1977, at which time the operators in the subject pool should appear and show cause why the North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the depth bracket allowable should not be reduced.

IT IS THEREFORE ORDERED:

(1) As amended by Order No. R-4691-B, October 12, 1976, that the Special Rules and Regulations governing the North Dagger Draw-Upper Pennsylvanian Pool, promulgated by Order No. R-4691, shall remain in full force and effect for an additional period of one year provided, however, that said rules are hereby amended to provide for 160-acre spacing and proration units and to provide a special depth bracket allowable of 350 barrels of oil per day.

(2) That this case shall be reopened at an examiner hearing in February, 1977, at which time the operators in the subject pool shall appear and show cause why the North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the depth bracket allowable should not be reduced.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

## SECTION II

DRINKARD POOL  
(Gas-Oil Ratio)  
Lea County, New Mexico

Order No. R-4202, Adopting a Gas-Oil Ratio Rule for the Drinkard Pool, Lea County, New Mexico, November 1, 1971. Application of Wolson Oil Company, MKA Oil Properties, John H. Hendrix, and Bruce A. Wilbanks for a Special Gas-Oil Limitation, Lea County, New Mexico.

CASE NO. 4590  
Order No. R-4202

## ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on September 15, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of October, 1971, the Commission, a panel being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicants, Wolson Oil Company, MKA Oil Properties, John H. Hendrix, and Bruce A. Wilbanks, seek to Rule 506 of the Commission Rules and as an exception, a limiting gas-oil ratio of 6000 cubic feet of gas per barrel of oil in the Drinkard Pool, Lea County, New Mexico.

(3) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of liquid hydrocarbons.

(4) That in order to afford the owner of each property in the Drinkard Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 6000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

(5) That approval of the subject application will prevent waste and protect correlative rights, provided the flaring or venting of gas in the Drinkard Pool is prohibited.

IT IS THEREFORE ORDERED:

(1) That, effective November 1, 1971, the limiting gas-oil ratio in the Drinkard Pool, Lea County, New Mexico, shall be 6000 cubic feet of gas for each barrel of oil produced, that, effective November 1, 1971, each proration unit in the Drinkard Pool shall produce only that volume of gas equivalent to 6000 multiplied by the proration unit allowable for the pool.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

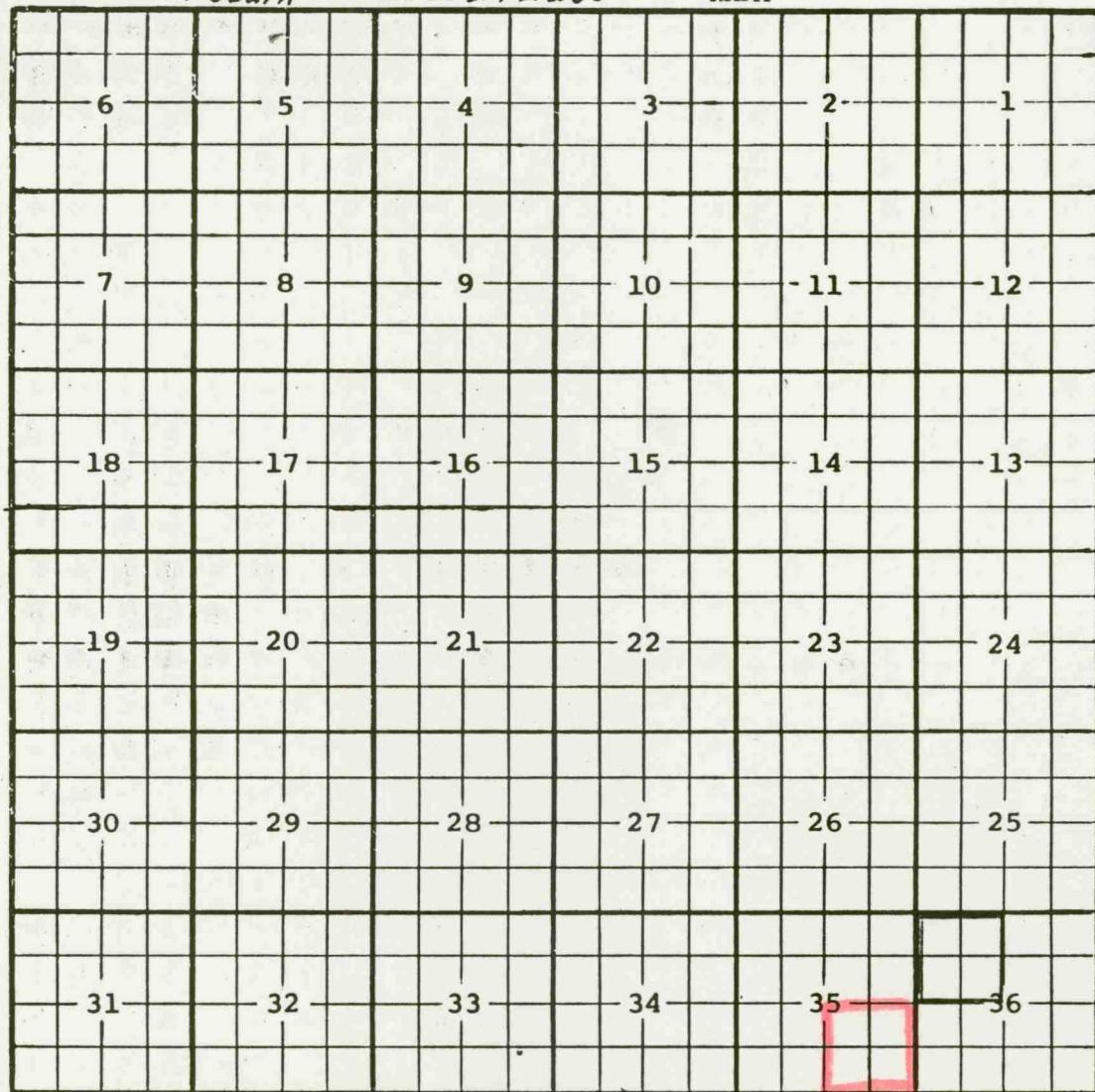
COUNTY Eddy

POOL Canyon - Wolfcamp

TOWNSHIP 19 South

RANGE 24 East

NMPM



Description: NW  $\frac{1}{4}$  Sec. 36 (R-1532, 12-1-59)

Standard 40 acre sharing!

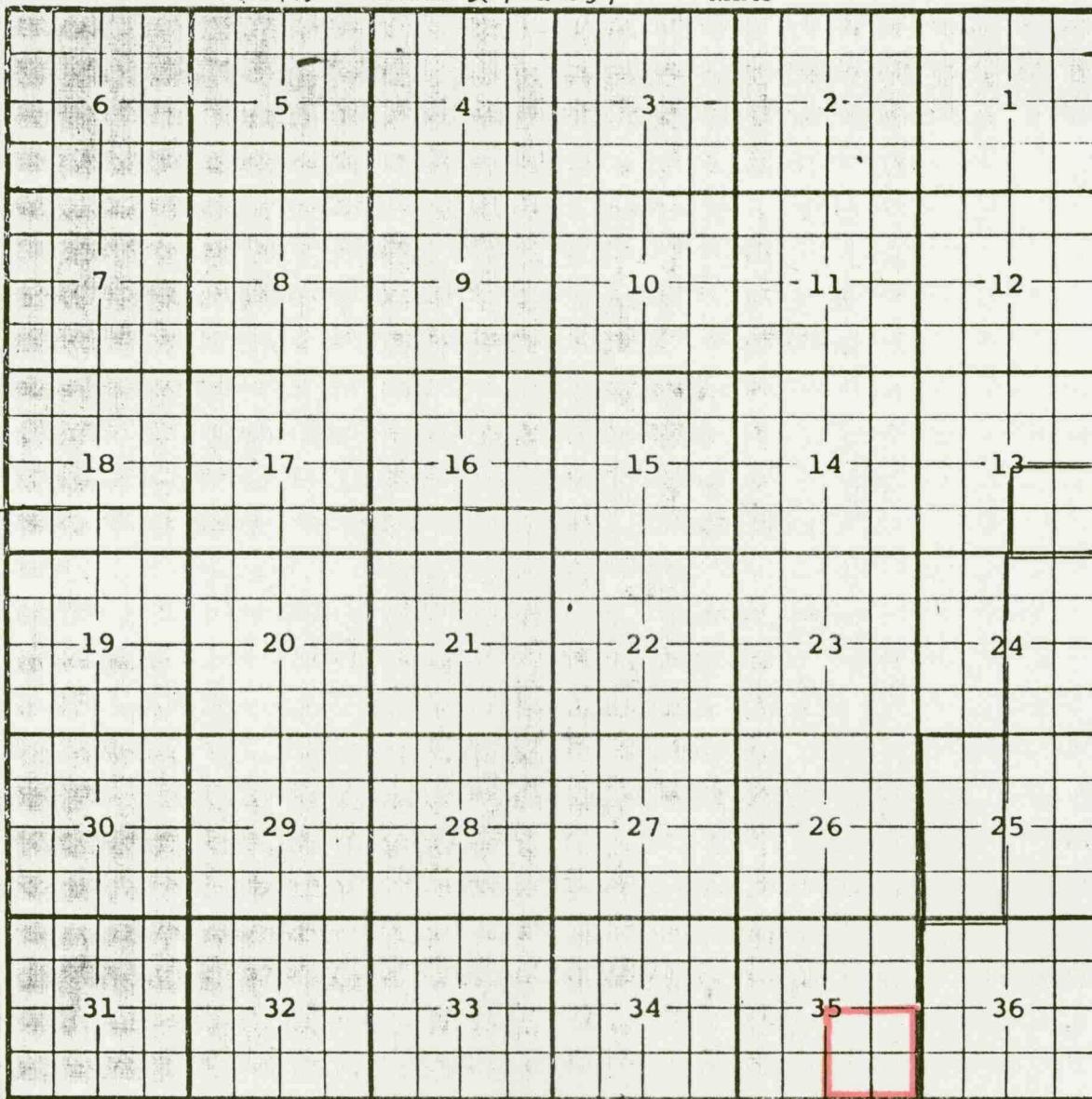
COUNTY Eddy

POOL North Dagger Draw - Upper Pennsylvanian

TOWNSHIP 19 South

RANGE 24 East

NMPM



Description:  $\frac{E}{2}$  Sec 24,  $\frac{E}{2}$  Sec 25, All Sec 36 (R-4691, 1-1-74)

Ext:  $\frac{SE}{4}$  Sec 13 (R-5417, 4-1-77) Ext:  $\frac{w}{2}$  SEC 25 (R-8665, 49/88)

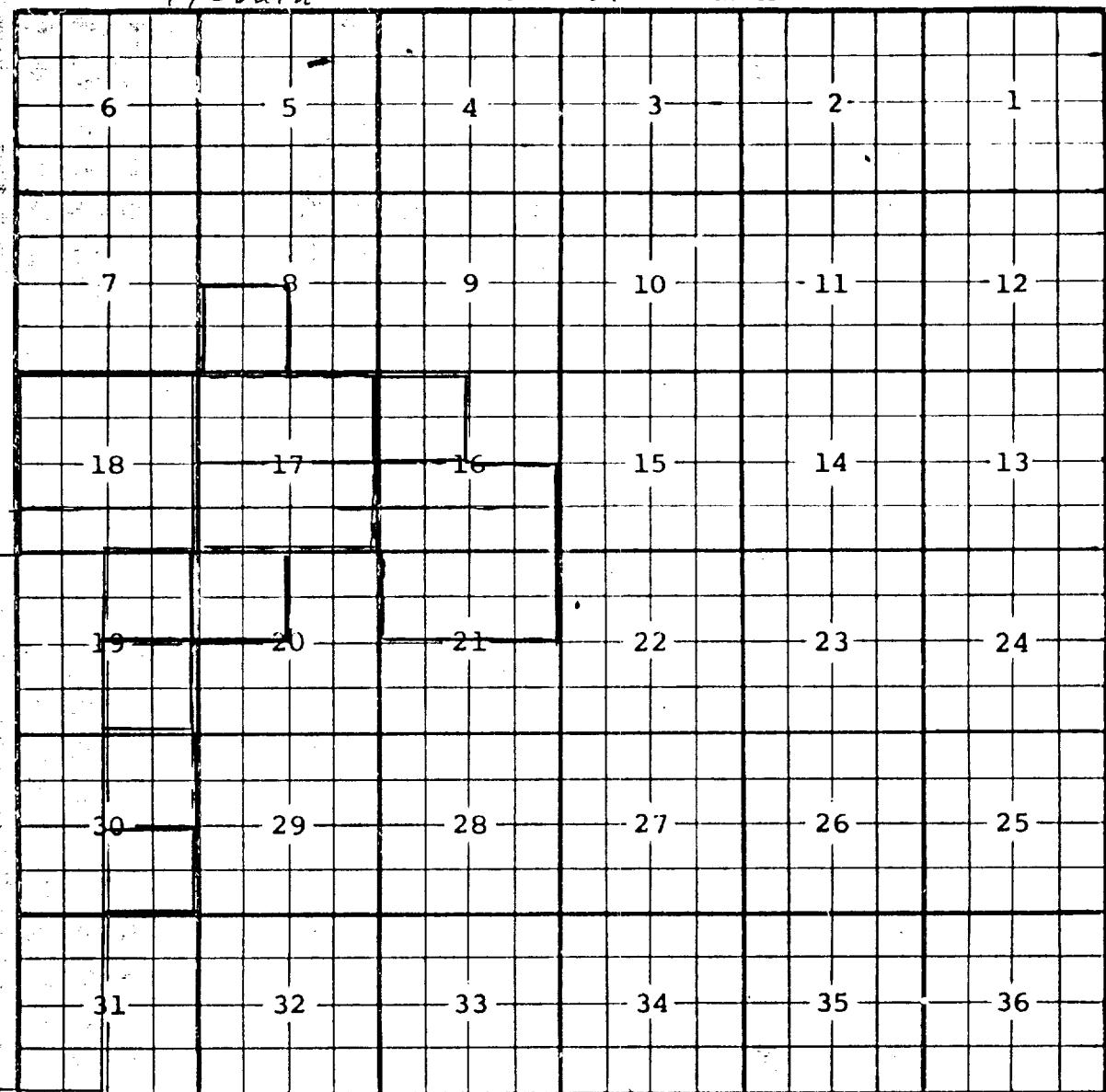
COUNTY Eddy

POOL North Dagger Draw - Upper Pennsylvanian

TOWNSHIP 19 South

RANGE 25 East

NMPM



Description: All Sec 18,  $\frac{w}{2}$  Sec 19,  $\frac{w}{2}$  Sec 30,  $\frac{w}{2}$  Sec 31 (R-4691, 1-1-74)

Ext:  $\frac{N}{2}$  Sec 17 (R-4821, 8-1-74) Ext:  $\frac{S}{2}$  Sec 17 (R-5063, 7-1-75)

Ext:  $\frac{SE}{4}$  Sec 30 (R-5309, 11-1-76) Ext:  $\frac{NW}{4}$  Sec 16 (R-5667, 4-1-78)

Ext:  $\frac{SE}{2}$  Sec 16,  $\frac{N}{2}$  Sec 21 (R-7131, 11-30-82) Ext:  $\frac{NE}{4}$  Sec 19 (R-8391, 1-22-87)

Ext:  $\frac{SE}{4}$  Sec. 19 (R-8484, 8-13-87) Ext:  $\frac{NE}{4}$  Sec 30 (R-8665, 6/9/88)

Ext: SW  $\frac{1}{4}$  sec 8 (R-8827, 12-22-88) Ext: NW  $\frac{1}{4}$  sec 20 (R-8945, 5-31-89)

COUNTY Eddy

POOL North Dagget Draw - Upper Pennsylvanian

TOWNSHIP 20 South

RANGE 24 East

NMPM

TOWNSHIP AD South		RANGE 24 East			NMPM
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: N/2 Sect 1 (R-4691, 1-1-74)

SE/4-35-19-24

160

COUNTY Eddy

POOL Dagger Draw - Wolfcamp Gas

TOWNSHIP 20 South

RANGE 24 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description:  $\frac{NW}{4}$  Sec. 1 (R-3438, 7-1-68)

