



June 2, 1988

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Case 9431

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Eland "AFC" Federal Com. No. 1 Well
Township 20 South, Range 29 East, NMPM
Section 12: S/2 SW/4
Section 13: W/2
Eddy County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for Directional Drilling and an Unorthodox Well Location, Eddy County, New Mexico.

Please set this matter for hearing before an Examiner on July 6, 1988.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson
Chad Dickerson

CD:pvw
Enclosures

cc w/enclosure: Yates Petroleum Corporation

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF YATES PETROLEUM CORPORATION :
FOR DIRECTIONAL DRILLING AND AN :
UNORTHODOX WELL LOCATION, EDDY :
COUNTY, NEW MEXICO :
_____ :

CASE NO. 9431

APPLICATION

COMES NOW Yates Petroleum Corporation, pursuant to New Mexico Oil Conservation Division Rules 104 and 111, by its attorneys, and in support hereof, respectfully states:

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

Township 20 South, Range 29 East, N.M.P.M.

Section 12: S/2 SW/4
Section 13: W/2

containing 400 acres, more or less.

2. In Case No. 9330, by Order No. R-8624, Applicant was authorized to drill its Eland "AFC" Federal Com. Well No. 1 at an unorthodox gas well location located 660 feet from the north and west lines (Unit D) of said Section 13, to test the Pennsylvanian formation, Undesignated East Burton Flat-Strawn Gas Pool and Undesignated Getty-Morrow Gas Pool, Eddy County, New Mexico.

3. Subsequent to Order No. R-8624, Applicant learned that the federal lease covering NW/4 of said Section 13 prohibited surface occupancy because of potash deposits therein.

4. By reason thereof, Applicant proposes to directionally drill its well from a surface location 330 feet from the south line and 1,650 feet from the west line (Unit N) of Section 12, Township 20 South, Range 29 East, N.M.P.M.

5. Applicant proposes to drill its well to penetrate the Strawn formation within 100 feet of the location previously approved by Order No. R-8624, being 660 feet from the north and west lines of said Section 13. Applicant proposes to bottom its well at the base of the Morrow formation within 100 feet of a point located 991 feet from the north line and 329 feet from the west line of said Section 13.

6. The Applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit the drilling and completion of the Eland "AFC" Federal Com. Well No. 1 at the above mentioned unorthodox locations, for all formations in W/2 of said Section 13 which may be developed on 320-acre spacing.

7. A standard 320-acre proration unit comprising the W/2 of said Section 13 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas.

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 granting Applicant permission to drill its Eland "AFC" Federal Com. Well No. 1, at a surface location 330 feet from the south line and 1,650 feet from the west line of said Section 12, to directionally drill said well to come within 100 feet of the target locations described in Paragraph 5 above, and to dedicate the W/2 of said Section 13 to said well for production from all formations which may be developed on 320-acre spacing.

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

YATES PETROLEUM CORPORATION

By: 
Chad Dickerson

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Attorneys for Applicant