

**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. 10460 (Reopened)
Order No. R-9662-A**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR DIRECTIONAL
DRILLING AND A NON-STANDARD OIL
PRORATION UNIT, EDDY AND LEA
COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 25, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of July, 1992, 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-9662 entered in Case No. 10460 on April 9, 1992, the Division authorized Yates Petroleum Corporation to directionally drill its Bonneville "AKK" Federal Well No. 3 from a non-standard surface location 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location approximately 1980 feet from the South line and 660 feet from the West line in Lot 3 (NW/4 SW/4 equivalent) of Section 19, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, being a non-standard 43.39-acre oil spacing and proration unit for said pool.

(3) In addition, by Order No. R-9663 entered in Case No. 10461 on April 9, 1992, the Division authorized Yates Petroleum Corporation to directionally drill its Bonneville "AKK" Federal Well No. 2 from a non-standard surface location 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location approximately 660 feet from the South line and 1049 feet from the West line in Lot 4 (SW/4 SW/4 equivalent) of Section 19, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, being a non-standard 43.46-acre oil spacing and proration unit for said pool.

(4) Both the Bonneville "AKK" Federal Well Nos. 2 and 3 were approved at the same surface location, being 660 feet from the South line and 200 feet from the East line (Unit P) of said Section 24 due to the fact that the applicant was unsure, at the time, whether it would actually drill both wells.

(5) The applicant has commenced drilling the Bonneville "AKK" Federal Well No. 2, and has determined that it will drill the Bonneville "AKK" Federal Well No. 3.

(6) The applicant, Yates Petroleum Corporation, seeks to amend Division Order No. R-9662 by authorizing the drilling of the Bonneville "AKK" Federal Well No. 3 from a proposed surface location at or around a point 810 feet from the South line and 200 feet from the East line (Unit P) of said Section 24.

(7) The applicant proposes to bottom the Bonneville "AKK" Federal Well No. 3 at the originally approved location, and also proposes to dedicate Lot 3 (NW/4 SW/4) of said Section 19 to the subject well, also as originally proposed.

(8) The applicant has provided sufficient notice of the proposed amendment as per the requirements contained within Division Order No. R-111-P.

(9) No interested party appeared at the hearing in opposition to the application.

(10) The findings contained within Division Order No. R-9662 should be incorporated by reference into this order.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the 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.

IT IS THEREFORE ORDERED THAT:

(1) Ordering Paragraph No. (1) of Division Order No. R-9662 is hereby amended to read in its entirety as follows:

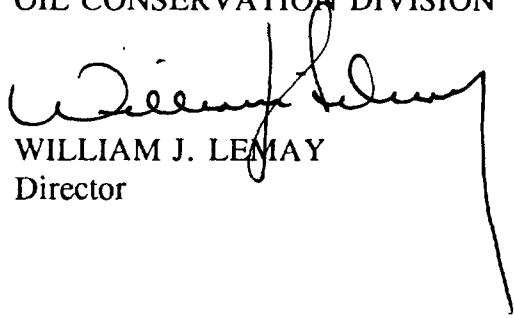
"(1) The applicant, Yates Petroleum Corporation, is hereby authorized to directionally drill its proposed Bonneville "AKK" Federal Well No. 3, to be located at a surface location 810 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location approximately 1980 feet from the South line and 660 feet from the West line in Lot 3 (NW/4 SW/4 equivalent) of Section 19, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico."

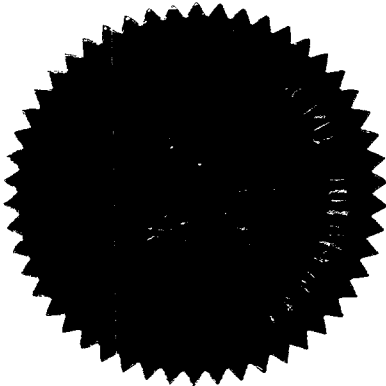
(2) All other provisions contained within said Order No. R-9662 shall remain in full force and effect.

(3) Jurisdiction 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


WILLIAM J. LEMAY
Director



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