

**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. 10838
Order No. R-9999**

**APPLICATION OF HARVEY E. YATES
COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION, LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 20th day of October, 1993, 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) The applicant, Harvey E. Yates Company, seeks authority to drill its Young Deep Unit Well No. 21 at an unorthodox oil well location 1330 feet from the South and West lines (Unit K) of Section 3, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, to test the Wolfcamp and Bone Spring formations, Undesignated Young-Wolfcamp Pool and North Young-Bone Spring Pool.

(3) The applicant proposes to dedicate the NE/4 SW/4 of Section 3 to the above-described well forming a standard 40-acre oil spacing and proration unit for said pools.

(4) The proposed well is located within the applicant's Young Deep Unit, a Federal exploratory unit comprising all or portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East, NMPM.

(5) In addition, within the Young Deep Unit, the applicant is currently conducting pressure maintenance operations within the North Young-Bone Spring Pool.

(6) According to applicant's geologic evidence and testimony, the primary and secondary targets within the proposed well are the Wolfcamp and Bone Spring formations, respectively.

(7) The geologic evidence further indicates that the area likely to be productive from the Wolfcamp formation is limited to a small portion of Section 3 and Section 10.

(8) The applicant seeks approval of its application for the following reasons:

- a) a well at the proposed unorthodox location should penetrate the Wolfcamp formation in an area of maximum carbonate thickness within the potentially productive area, which should increase the likelihood of obtaining commercial production; and,
- b) a well at the proposed location will enable the applicant to complete an efficient production/injection pattern within the North Young Bone Spring Pressure Maintenance Project.

(9) The proposed well is completely offset by unit acreage operated by the applicant.

(10) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(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 allow the applicant to complete an efficient production/injection pattern within the North Young Bone Spring Pressure Maintenance Project which 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.

(12) The applicant should be required to conduct a directional survey on the well subsequent to completion of drilling operations in order that the bottomhole location of the well may be determined.

(13) If it is determined by the directional survey that the bottomhole location of the subject well is not within the NE/4 SW/4 of Section 3, the applicant should be required to amend Division Form C-102 (Acreage Dedication Plat) to accurately reflect the appropriate dedicated acreage.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Harvey E. Yates Company, is hereby authorized to drill its Young Deep Unit Well No. 21 at an unorthodox oil well location 1330 feet from the South and West lines (Unit K) of Section 3, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, to test the Wolfcamp and Bone Spring formations, Undesignated Young-Wolfcamp Pool and North Young-Bone Spring Pool.

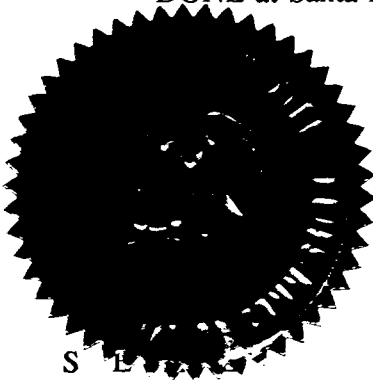
(2) The NE/4 SW/4 of Section 3 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pools.

(3) The applicant shall conduct a directional survey on the well subsequent to completion of drilling operations in order that the bottomhole location of the well may be determined.

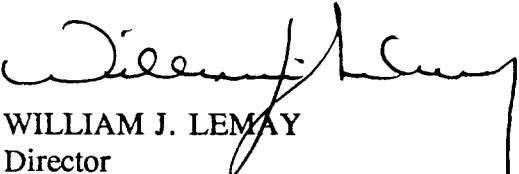
(4) If it is determined by the directional survey that the bottomhole location of the subject well is not within the NE/4 SW/4 of Section 3, the applicant shall amend its Division Form C-102 (Acreage Dedication Plat) to accurately reflect the appropriate dedicated acreage.

(5) Jurisdiction of this cause 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