

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING.

CASE NO. 6618
Order No. R-6103

APPLICATION OF HARVEY E. YATES
COMPANY FOR POOL CREATION AND
SPECIAL POOL RULES, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, has recently completed its Depco Federal Well No. 1, located in Unit D of Section 19, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, as a gas well producing from the Yates formation, and seeks the creation of a new gas pool for Yates production therefor and the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

(3) That said Depco Federal Well No. 1 has discovered a new common source of supply which should be designated the Travis-Yates Gas Pool with vertical limits consisting of the Yates formation and horizontal limits including the W/2 NW/4 of said Section 19.

(4) That the evidence presently available indicates that Travis-Yates Gas Pool should be placed on 80-acre spacing, at least temporarily.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and

regulations providing for 80-acre spacing units should be promulgated for the Travis-Yates Gas Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in October, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the Travis-Yates Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Yates production, is hereby created and designated as the Travis-Yates Gas Pool, consisting of the following described area:

Township 18 South, Range 29 East, NMPM
Section 19: W/2 NW/4

(2) That temporary Special Rules and Regulations for the Travis-Yates Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
TRAVIS-YATES GAS POOL

RULE 1. Each well completed or recompleted in the Travis-Yates Gas Pool or in the Yates formation within one mile thereof, and not nearer to or within the limits of another designated Yates gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Director of the Division may grant an

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hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4: Each well shall be located not closer than 330 feet to the nearest side boundary of the dedicated tract nor closer than 660 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 5: The 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 proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Travis-Yates Gas Pool or in the Yates formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before November 1, 1979.

(2) That, pursuant to Paragraph A. of Section 70-2-18 NMSA 1978, existing wells in the Travis-Yates Gas Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

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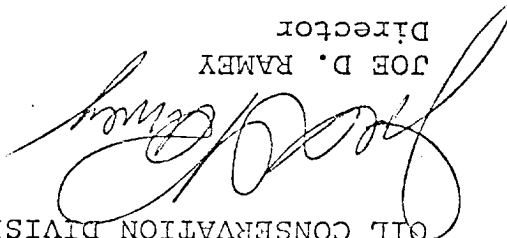
Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation or allowable.

(3) That this case shall be reopened at an examiner hearing in October, 1980 at which time the operators in the subject pool may appear and show cause why the Travis-Kates Gas Pool should not be developed on 160-acre spacing units.

(4) That jurisdiction of this cause is 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



JOE D. RAMSEY
Director

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