

CASE 5848: YATES PETROLEUM CORPORATION *ration*
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.
6

Continued to Feb. 16

CASE NO.

5848

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpora-) CASE
tion for an unorthodox gas well loca-) 5848
tion, Eddy County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Joel M. Carson, Esq.
LOSEE & CARSON P.A.
Attorneys at Law
300 American Home Building
Artesia, New Mexico

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General Court Reporting Service
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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I N D E X

Page

RAY BECK

Direct Examination by Mr. Carson

3

EXHIBIT INDEX

Offered Admitted

Applicant's Exhibit One, Plat

4

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Applicant's Exhibit Two, Map

4

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Applicant's Exhibit Three, Cross Section

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1 MR. STAMETS: We will call next Case 5848 being
2 the application of Yates Petroleum Corporation for an
3 unorthodox gas well location, Eddy County, New Mexico.

4 MR. CARSON: Mr. Examiner, my name is Joel Carson,
5 Losee & Carson P.A., Artesia, New Mexico, appearing on behalf
6 of the applicant. I have one witness, Mr. Ray Beck, who has
7 previously testified and been sworn in Case 5871.

8 MR. STAMETS: The record will reflect that Mr. Beck
9 has been sworn and qualified.

10
11 RAY BECK

12 called as a witness, having been previously sworn, was
13 examined and testified as follows:

14
15 DIRECT EXAMINATION

16 BY MR. CARSON:

17 Q Mr. Beck, would you briefly state the purpose of
18 this application?

19 A In Case 5848 Yates Petroleum Corporation requests
20 approval of the unorthodox gas well location of its proposed
21 No. 1 Pipkin HE to be drilled six, sixty from the south and
22 six, sixty from the west lines of Section 4, Township 18 South,
23 Range 25 East, Eddy County. The south half of the section would
24 be dedicated to the well.

25 Q Mr. Beck, I will refer you to your Applicant's Exhibit

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1 Number One and ask if that was prepared by you or under
2 your supervision?

3 A. It was prepared under my supervision.

4 Q. And would you explain to the Hearing Officer what
5 that exhibit purports to show?

6 A. Exhibit Number One is a land plat showing the proposed
7 location and its relationship to the surrounding leasehold
8 situation. It may be noted that the unorthodox movement of
9 the location is mainly toward Yates Petroleum's leasehold.

10 Q. I refer you to Applicant's Exhibit Number Two and
11 ask if that was prepared by you or under your supervision?

12 A. It was prepared by me.

13 Q. What does that exhibit show?

14 A. Exhibit Number Two is a map showing the structure,
15 porosity and facies relationship of the quote, Permo-Penn,
16 unquote, carbonates southwest of Artesia. This Permo-Penn
17 interval is stratigraphically equivalent to the overall
18 interval which produces in the Tom Brown Antelope Sink Unit
19 No. 1 located in the southwest of the northeast of Section 18,
20 19 South, 24 East, Eddy County.

21 Since it is a stratigraphic equivalent, in order to
22 avoid other nomenclatural problems we suggest that it be
23 referred to as the Antelope Sink zone for these purposes.

24 The map shows three main facies, that is a tight
25 shelf facies to the northwest which may be correlated into a

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1 narrow band of more porous productive basin margin facies and
2 further southeast, the nonproductive basinal fill shale and
3 tight thin silt sandy carbonates which are very difficult to
4 correlate with the others.

5 Wells colored in red are completed in the Antelope
6 Sink zone, contouring the porosity in feet shown in solid
7 contours indicates that the proposed location should encounter
8 porosity in the Antelope Sink zone, although the main reason
9 for the nonstandard location is to encounter a quality section
10 interval in the gas productive Permo-Penn carbonates. The well
11 will be drilled through the entire Pennsylvanian and will
12 adequately test the Morrow formation.

13 This nonstandard location does improve our chances
14 for encountering two pays.

15 Q I refer you to Applicant's Exhibit Number Three,
16 Mr. Beck, and ask if that was prepared by you or under your
17 supervision?

18 A It was prepared by me.

19 Q Would you explain to the Hearing Officer what that
20 exhibit purports to show?

21 A Exhibit Number Three is a cross section A to A prime,
22 running from the northwest to the southeast more or less
23 normal to the facies trends shown on the previous map. The
24 Antelope Sink interval is shown on the cross section and this
25 would give some depth dimension to the previous exhibit.

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1 Q Mr. Beck, you have previously made applications in
 2 other cases for an unorthodox location for the purpose of
 3 giving the applicant two shots at the pay, more or less, have
 4 you not?

5 A Yes, sir.

6 Q Would you tell the Hearing Officer the name of at
 7 least one of those wells?

8 A I believe it was the Morely Well which is in
 9 Section 27, of 17, 25.

10 Q Mr. Beck, is it your opinion that approval of this
 11 application would afford the applicant the opportunity to
 12 produce its just and equitable share of gas and would prevent
 13 the economic loss caused by the drilling of unnecessary wells,
 14 would avoid the augmentation of risk arising from the drilling
 15 of an excessive number of wells and would otherwise prevent
 16 waste and protect correlative rights?

17 A Yes, sir.

18 MR. CARSON: No further questions.

19 MR. STAMETS: Any questions of the witness? He
 20 may be excused.

21 (THEREUPON, the witness was excused.)

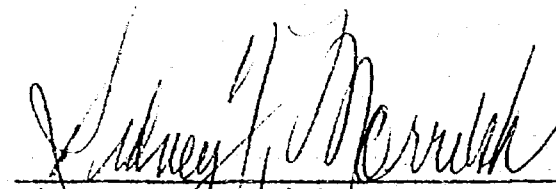
22 MR. STAMETS: Anything further in this case? We
 23 will take the case under advisement.

24

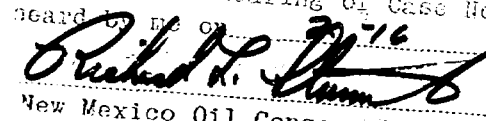
25

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5848
heard by me on 7/16, 19 77.

Richard H. Stamm, Examiner
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 2, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpora-) CASE
tion for an unorthodox gas well) 5848
location, Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morish reporting service
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Phone (505) 982-0212

1 MR. NUTTER: We will call next Case Number 5848.

2 MS. TESCHENDORF: Case 5848, application of Yates
3 Petroleum Corporation for an unorthodox gas well location,
4 Eddy County, New Mexico.

5 They have asked that it be continued to the
6 February 16th hearing.

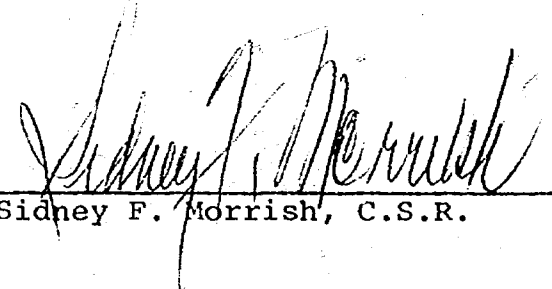
7 MR. NUTTER: Case Number 5848 will be continued to
8 the Examiner Hearing scheduled to be held at this same place
9 at nine o'clock A.M., February 16th, 1977.

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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

sid morrish reporting service

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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3848
heard by me on 2/2, 1977.

 Examiner
New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5848
Order No. R-5377

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of February, 1977, the Commission, a quorum 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 applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Pipkin HE Well No. 1 to be drilled 660 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 25 East, NMPM, to test Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.

(3) That the S/2 of said Section 4 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

-2-

Case No. 5848

Order No. R-5377

IT IS THEREFORE ORDERED:

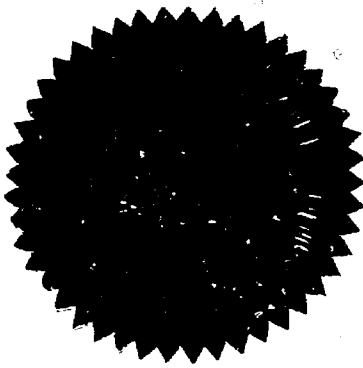
(1) That an unorthodox gas well location for Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Pipkin HE Well No. 1 to be located at a point 660 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 4 shall be dedicated to the above-described well.

(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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

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CASE 5869: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Big Boggy Well No. 1 to be drilled 990 feet from the South line and 2080 feet from the East line of Section 36, Township 17 South, Range 26 East, Atoka Pennsylvanian Gas Pool, Eddy County, New Mexico, the S/2 of said Section 36 to be dedicated to the well.

CASE 5870: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Maljamar Deep Unit Well No. 2 to be drilled 990 feet from the South line and 1980 feet from the West line of Section 30, Township 17 South, Range 32 East, Lea County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

CASE 5871: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Friendly Frenchman Well No. 1 to be drilled 1005 feet from the South line and 660 feet from the East line of Section 32, Township 16 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 32 to be dedicated to the well.

CASE 5810: (Continued from the February 2, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.

CASE 5847: (Continued from the February 2, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Gossett "EU" Well No. 1, located in Unit K of Section 26, Township 17 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from the Lower Wolfcamp or Upper Pennsylvanian and the Lower Pennsylvanian formations through the casing-tubing annulus and tubing, respectively.

CASE 5848: (Continued from the February 2, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Pipkin HE Well No. 1 to be drilled 660 feet from the South and West lines of Section 4, Township 18 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 4 to be dedicated to the well.

CASE 5845: Application of Texaco Inc. for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Navajo Tribe "BS" Well No. 5 to be drilled 1340 feet from the South line and 1300 feet from the West line of Section 23, Township 26 North, Range 18 West, Tootie Dome Penn "D" Pool, San Juan County, New Mexico.

CASE 5846: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Empire Deep Unit Well No. 13 to be drilled 660 feet from the South line and 1597 feet from the West line of Section 30, Township 17 South, Range 29 East, South Empire Field, Eddy County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

CASE 5810: (Continued from the January 19, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.

CASE 5847: Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Gossett "EU" Well No. 1, located in Unit K of Section 26, Township 17 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from the Lower Wolfcamp or Upper Pennsylvanian and the Lower Pennsylvanian formations through the casing-tubing annulus and tubing, respectively.

CASE 5848: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Pipkin HE Well No. 1 to be drilled 660 feet from the South and West lines of Section 4, Township 18 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 4 to be dedicated to the well.

CASE 5849: Application of King Resources Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Long Canyon Unit Area comprising 18,880 acres, more or less, of State and Federal lands in Townships 19 and 20 South, Ranges 19 and 20 East, Chaves County, New Mexico.

CASE 5850: Application of Pennzoil Company for adoption of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the adoption of pool rules for the North Mescalero-Cisco Pool, Lea County, New Mexico, including provision for a special gas-oil ratio limit of 4,500 to one.

CASE 5117: (Reopened)

In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691-A, which order extended the temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the special depth bracket allowable should be retained.

CASE 5851: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tapacito-Pictured Cliffs, Blanco Mesaverde, and Basin-Dakota production in the wellbore of his Tribal Wells Nos. 1 and 2 located in Unit D of Section 16 and Unit L of Section 9, respectively, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5852: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache Wells Nos. 3 and 4, located in Units D and L, respectively, of Section 19, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5853: Application of Carl Engwall for an exception to casing and cementing requirements of Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing and cementing requirements of Order No. R-111-A to eliminate the salt protection casing string in a well he proposes to drill in Unit L of Section 27, Township 20 South, Range 34 East, Lynch-Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5854: Application of Palmer Oil and Gas Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Stevenson Well No. 2 to be drilled 1850 feet from the North line and 1150 feet from the West line of Section 8, Township 26 North, Range 2 West, Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, the N/2 of said Section 8 to be dedicated to the well.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR AN :
UNORTHODOX GAS WELL LOCATION, EDDY :
COUNTY, NEW MEXICO. :

CASE NO. 5848

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof, respectfully states:

1. That applicant is an operator of a majority of the interest in the Pennsylvanian formation underlying:

Township 18 South, Range 25 East, N.M.P.M.

Section 4: S/2

2. Applicant proposes to drill its Pipkin "HE" No. 1 well at a location 660 feet from the South line and 660 feet from the West line of said Section 4 and to dedicate the S/2 of said Section 4 to the well.

3. Applicant seeks an exception to the well location requirements of Rule 104-C of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.

4. That a standard 320-acre proration unit comprising the S/2 of said Section 4 should be dedicated to the Pipkin "HE" No. 1 well.

5. That the approval of this application will afford applicant the opportunity to produce its just and equitable share of 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 Commission enter its order granting applicant permission to drill its Pipkin "HE" No. 1 and to dedicate the S/2 of said Section 4 to said well, which is reasonably presumed to be productive of gas from the Morrow formation.

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

YATES PETROLEUM CORPORATION

By: 

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

ROUGH

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO 5848

Order No. R- 5377

APPLICATION OF YATES PETROLEUM CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2¹⁶, 19 77,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter RLS.

NOW, on this day of February, 19 77, the Commission,
a quorum 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 applicant, Yates Petroleum Corporation, seeks
for its Pipkin HE Well No. 1 to be drilled
approval of an unorthodox gas well location/ 660 feet from the South

line and 660 feet from the West line of Section 4, Township

18 South, Range 25 East, NMPM, to test the Wolfcamp

and Pennsylvanian formations, Pool

Eddy County, New Mexico.

(3) That the S/2 of said Section 4 is to be dedicated to the
well.

(4) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

-2-

Case No. _____
Order No. R- _____

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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:

The X-tro Petroleum Corporation
(1) That an unorthodox gas well location for ~~the~~ *Wetmore and Pennsylvania* applicant's Pipkin HE Well No. 1 formation is hereby approved for ~~azad~~ to be located at a point 660 feet from the South line and 660 feet from the West line of Section 4, Township 18 South, Range 25 East NMPM, _____ Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 4 shall be dedicated to the above-described well.

(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.

Case 5848

1-10-77

Joel Carson

~~Wotkamp~~

Application for unorthodox location
Yates Rev Corp.

Pipkin NE #1 660 FSL

660 FWL 4-185-25E

dedicate S/2 Sec 4

Morrow Vest

BLS