

ye CASE 6181: YATES PETROLEUM CORPORATION
FOR AN UNORTHODOX LOCATION, EDDY *tion*
COUNTY, NEW MEXICO

Case NO.

6181

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 22, 1978

EXAMINER HEARING

IN THE MATTER OF:)
Application of Yates Petroleum) CASE
Corporation for an unorthodox location,) 6181
Eddy County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

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
Attorneys at Law
300 American Home Building
Artesia, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. STAMETS: Call the next case, Case 6181.

2 MS. TESCHENDORF: Case 6181, application of Yates
3 Petroleum Corporation for an unorthodox location, Eddy
4 County, New Mexico.

5 MR. CARSON: Mr. Examiner, my name is Joel Carson,
6 Losee & Carson, P. A., Artesia, New Mexico, appearing on
7 behalf of the applicant. I have one witness, Mark Wilson,
8 who needs to be sworn.

9 (THEREUPON, the witness was sworn.)

10
11 MARK D. WILSON

12 was called as a witness by the applicant, and having been
13 first duly sworn, testified upon his oath as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. CARSON:

17 Q State your name, please?

18 A Mark D. Wilson.

19 Q Mr. Wilson, by whom are you employed and in what
20 capacity?

21 A I am an independent geologist and acting now as a
22 consultant for Yates Petroleum Corporation in this case.

23 Q Mr. Wilson, would you explain to the Examiner a little
24 bit about your educational experience and background?

25 A Okay. I have an A.B. Degree in Geology from the

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1 University of Pennsylvania in 1947, and a M.S. Degree in
 2 Geology from Ohio State in 1949.

3 Experience-wise, I have worked thirteen years for
 4 Shell Oil Company with ten of these years primarily in south-
 5 east New Mexico.

6 I received extensive training in syntegegraphy and
 7 depositional environments and sandstones and cabonates while
 8 I was with Shell.

9 I have worked fourteen years as the consulting
 10 geologist and as an independent geologist, again, principally
 11 in southeast New Mexico.

12 I have worked one year as a consultant in Alabama.
 13 Six years with half-time retainer fees with Yates Petroleum
 14 Corporation in Artesia.

15 I have testified as an expert witness before the
 16 oil and gas commission in Alabama.

17 Q Mr. Wilson, could you tell the Examiner briefly
 18 about your experience with the Pennsylvanian formation in
 19 southeast New Mexico? Have you dealt with that extensively?

20 A Yes, with both Shell and since I have been an
 21 independent -- I have worked with the Pennsylvanian for
 22 probably, at least, twenty years.

23 MR. CARSON: Are his qualifications acceptable, Mr.
 24 Examiner?

25 MR. STAMETS: As soon as he said he was an Ohio State

1 graduate, I considered him qualified. Yes, he is considered
2 qualified.

3 Q (Mr. Carson continuing.) Mr. Wilson, would you
4 state the purpose of this application, please?

5 A Case 6181, Yates Petroleum Corporation, as the
6 operator of the Rio Pecos working interest unit requests
7 approval for the unorthodox gas well location for the Rio
8 Pecos GB Well No. 2, to be drilled nineteen hundred and eighty
9 feet from the south line and eleven hundred feet from the west
10 line of Section 20, Township 18 South, Range 27 East, Red Lake
11 Field, Eddy County, New Mexico.

12 The south half of said Section 20 is to be dedicated
13 to the well.

14 Q I'll refer you to Applicant's Exhibit Number One
15 and ask you if that was prepared by you or under your
16 supervision?

17 A It was prepared by me.

18 Q What does it purport to show?

19 A Exhibit One is the land plat showing the proposed
20 location and the outline in red of the Rio Pecos working
21 interest unit.

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

24 A I was prepared by me.

25 Q What does that show, Mr. Wilson?

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1 A. Exhibit Two is a portion of the Lake McMillan, North,
2 topographic sheet showing the proposed location at the base
3 of the Pecos River bluffs where the surface is essentially
4 flat.

5 Q. Is that one of the considerations of your application
6 for an unorthodox location, is the adequate drilling?

7 A. It is because of the rugged topography immediately
8 east of the drill site.

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

11 A. It was prepared by me.

12 Q. Could you explain to the Examiner what that exhibit
13 shows?

14 A. There are two things on this exhibit. There is a
15 map on the left-hand side of it and there are two well logs
16 on the right-hand side.

17 The map portion of Exhibit Three on the left side
18 shows in solid contours the total thickness of the Morrow series
19 of the Pennsylvanian system and in dotted contours the structural
20 attitudes at the base of the lower Strawn-Morrow limestone
21 which is also the top of the Atoka series.

22 The proposed drill site which is shown in red with
23 the arrow is in a pronounced Morrow thick which trends north
24 and northeast of the vicinity of the Read & Stevens Scoggins
25 Deep Unit No. 1 in Section 31, and towards the proposed

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1 location.

2 Then, trends north-northwest into Sections 30 and
3 31 of Township 17 South, 27 East.

4 This location is deemed most likely to encounter
5 the Rio Pecos channel sandstones. The producing reservoir
6 of the GB No. 1 and would you please refer to the well log
7 on the right-hand side there.

8 This channel sand is expected to trend north-north-
9 west up the Morrow thick shown on enclosure three. This
10 location is also considered to be the best location of
11 Section 20 for encountering the fifty-eight foot Scoggins
12 channel sandstone, again, it is the left log of those two
13 there, which should follow the north-northeast trending Morrow
14 thick from the Read & Stevens well to the proposed drill
15 site.

16 The drill stem test data shown on the enclosure
17 three indicates that this channel sandstone flowed gas at a
18 sustained rate of thirty thousand cubic feet of gas per day
19 and recovery was seven thousand sixty feet of gas cut water
20 and thirty thousand seven hundred parts per million of
21 chloride.

22 Our drill site should be about two hundred feet
23 higher than the Read & Stevens well as is shown by the
24 structural contours on enclosure three and should be on an
25 axis north-northwest trending anticlinal nose. That would be

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1 the dotted contours there.

2 In summary, the proposed drill site would seem to
3 offer, one, the best chance to hit the main channel sands
4 in the reservoir at the Rio Pecos GB No. 1; two, a good chance
5 to find new gas reserves in the Scoggins channel sandstones;
6 three, a topographically acceptable drill site at the base of
7 the Pecos River bluffs; four, the correlative rights of the
8 royalty owners in Section would be best protected by this
9 drill site.

10 MR. CARSON: Mr. Examiner, I would like to move the
11 admission of these exhibits.

12 MR. STAMETS: These exhibits will be admitted.

13 Q (Mr. Carson continuing.) Mr. Wilson, in your
14 professional capacity, is it your opinion that the granting
15 of this application will afford to the applicant the opportunity
16 to produce its just and equitable share of gas, prevent
17 economic loss caused by the drilling of unnecessary wells and
18 will avoid the agumentation of risk arising from the drilling
19 of an excessive number of wells and will otherwise prevent
20 waste and protect correlative rights?

21 A I believe so.

22 MR. CARSON: I have no further questions at this
23 time.

24
25 CROSS EXAMINATION

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1 BY MR. STAMETS:

2 Q Mr. Wilson, I presume looking at your Exhibit Number
3 Three that the prime reason for this location is based on
4 geology and not on the topography?

5 A It is the combination of geology and topography.
6 We could probably drill a little bit further east there but
7 that's the ten foot contour there on the topographic map
8 and that slope is quite steep. I think that location would
9 be much more expensive over there.


10 MR. STAMETS: Any other questions of the witness?
11 He may be excused. Anything further in this case? The case
12 will be taken under advisement.

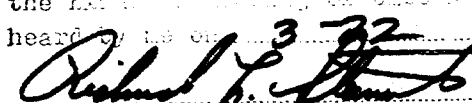
13 (THEREUPON, the case was concluded.)
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REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9
10 
11 Sidney F. Morrish, C.S.R.

12
13
14
15 I do hereby certify that the foregoing is
16 a complete and correct report of the proceedings in
the hearing on the application of 6181
heard by me on 3-32-78 19-78.
17 , Examiner
18 New Mexico Oil Conservation Commission
19
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

June 23, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Yates Petroleum Corporation
207 S. 4th Street
Artesia, New Mexico 88210

Attention: Eddie M. Mahfood

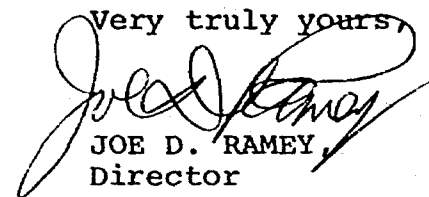
Re: Case No. 6181, Order No. R-5683

Dear Mr. Mahfood:

Referring to your letter of June 20, 1978, it is my understanding that you wish to dedicate the W/2 of Section 20, Township 18 South, Range 27 East, Eddy County, New Mexico, to your Rio Pecos Well No. 2 to be drilled at a non-standard location 1980 feet from the North line and 1100 feet from the West line of said Section 20. It is further understood that this unorthodox location was approved by Division Order No. R-5683 with the S/2 of the Section to be dedicated to the well.

As this change in dedication results in the well being more nearly at a standard location and as the location is unorthodox only by virtue of its being located too close to an interior quarter-quarter section line, the dedication change proposed is hereby approved.

Very truly yours,


JOE D. RAMEY,
Director

JDR/RLS/dr



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3558

June 20, 1978

S. F. YATES
PRESIDENT
JUN 21 1978
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
Drawer 2088
Santa Fe, New Mexico

Attn: Mr. R. Stamets

Re: Non Standard Location R5683
Rio Pecos GB Com #2, L-20-18s-27e

Dear Mr. Stamets:

NMOCC Order No. 5683 allows a non-standard location for a south-half 320 acre gas well spacing. We recently learned of a discrepancy in title on one of the tracts. We are unable to locate the tract's diverse title holders, and the Working Interest owners have decided to dedicate the west half 320 acres to the drilling unit. The wellsite as proposed at the hearing remain the same, 1980' FSL 1100' FWL Section 20 T18S R27E.

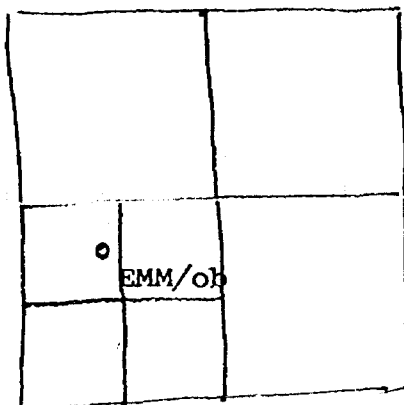
We would like to have NSL R5683 amended administratively to allow for a west-half dedication instead of the south half-section.

Thank you.

Yours very truly,

YATES PETROLEUM CORPORATION

Eddie M. Mahfood
Eddie M. Mahfood
Engineer



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER

PHIL R. LUCERO

April 4, 1978



STATE GEOLOGIST

EMERY C. ARNOLD

Mr. Joel Carson
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 6181

ORDER NO. R-5684

Applicant:

Yates Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/ f d

Copy of order also sent to:

Hobbs OCC x

Artesia OCC \bar{x}

Aztec OCC

Other

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. 6181
Order No. R-5683

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 22, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of April, 1978, 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 well location for its Rio Pecos "GB" Well No. 2 to be located 1980 feet from the South line and 1100 feet from the West line of Section 20, Township 18 South, Range 27 East, NMPM, to test Wolfcamp and Pennsylvanian formations, Red Lake Field, Eddy County, New Mexico.

(3) That the S/2 of said Section 20 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. 6181
Order No. R-5683

IT IS THEREFORE ORDERED:


(1) That an unorthodox well location for Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Rio Pecos "GB" Well No. 2 to be located at a point 1980 feet from the South line and 1100 feet from the West line of Section 20, Township 18 South, Range 27 East, NMPM, Red Lake Field, Eddy County, New Mexico.

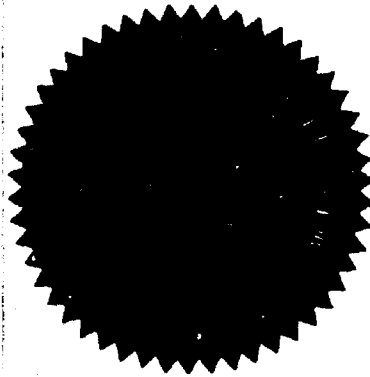
(2) That the S/2 of said Section 20 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Oil Conservation Division of the New Mexico Energy and Minerals Department may deem necessary.

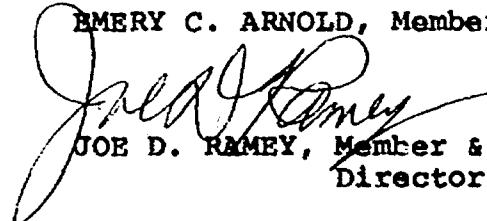
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Division
Director

S E A L

jr/

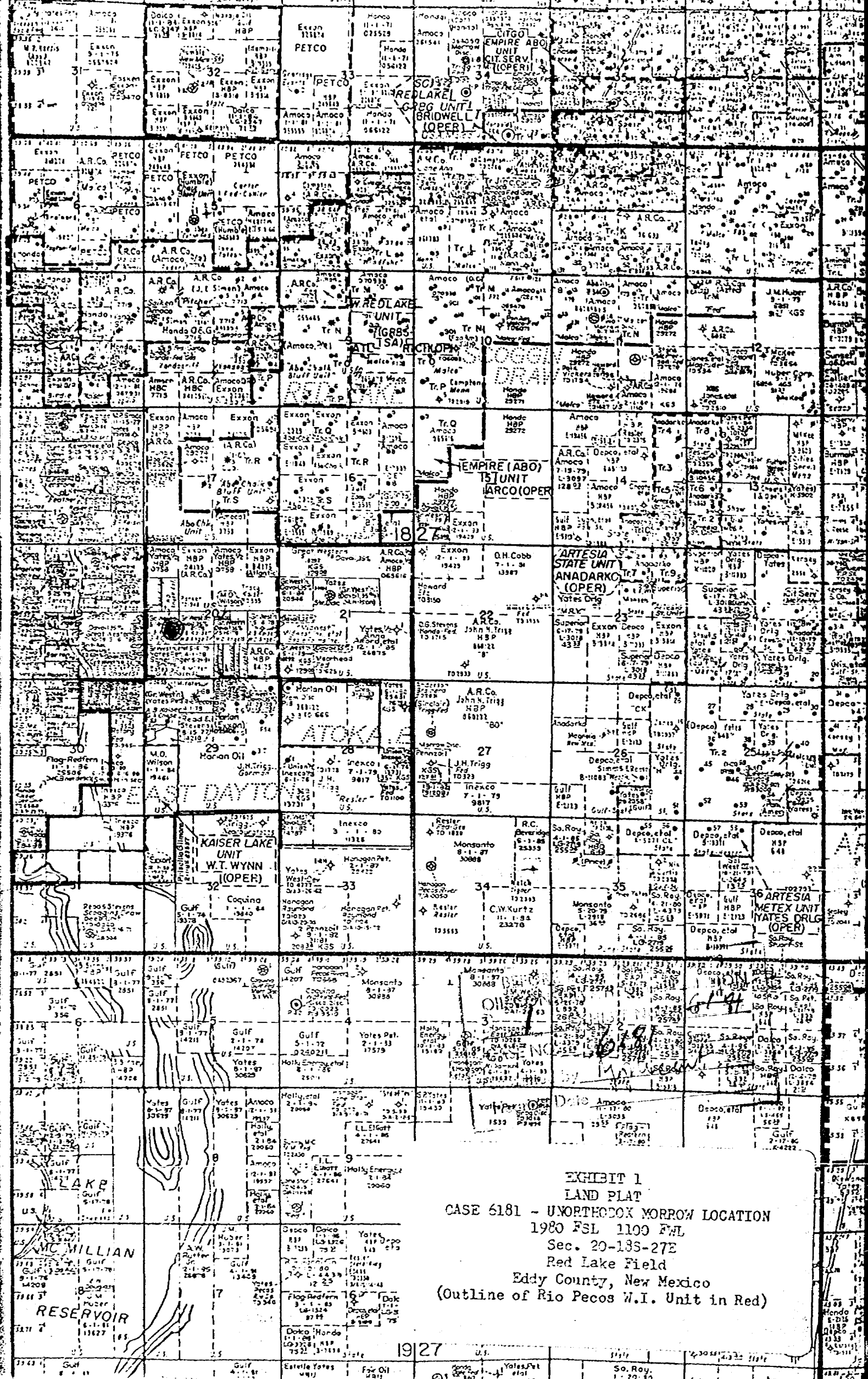


EXHIBIT 1
LAND PLAT
CASE 6181 - UNORTHDOX MORROW LOCATION
1980 FSL 1100 FHL
Sec. 20-13S-27E
Red Lake Field
Eddy County, New Mexico
(Outline of Rio Pecos W.I. Unit in Red)

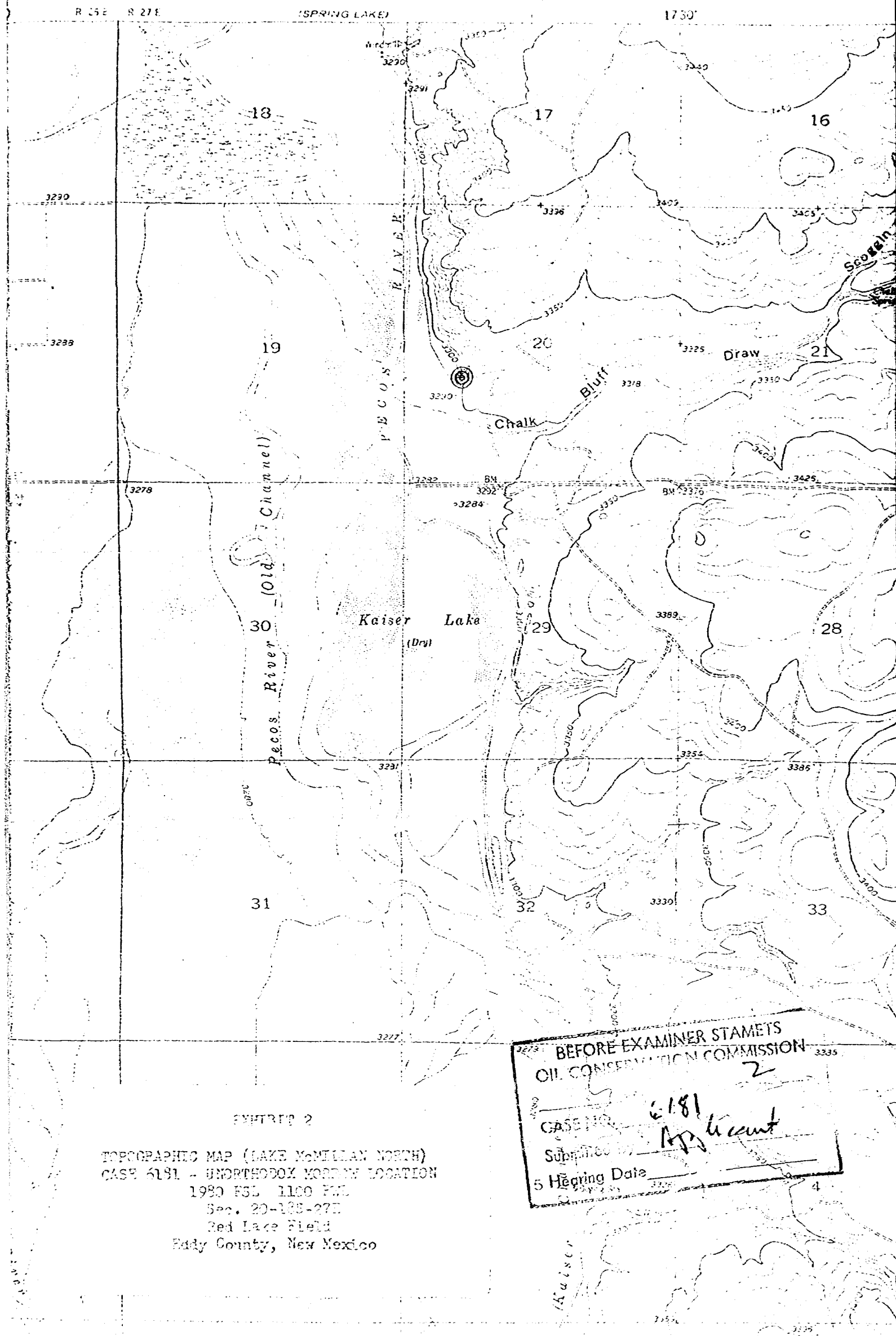


EXHIBIT 2
TOPOGRAPHIC MAP (LAKE McMILLAN NORTH)
CASE 6181 - UNORTHODOX MORMON LOCATION
1980 FSL 1100 FSL
Sec. 20-18S-27E
Red Lake Field
Eddy County, New Mexico

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
CASE NO. 6181
Submitted by Applicant
5 Hearing Date
2
Kaiser

LOSEE & CARSON, P.A.

300 AMERICAN HOME BUILDING

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88210

A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

AREA CODE 505
746-3508

2 March 1978

Mr. Joe D. Ramey, Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

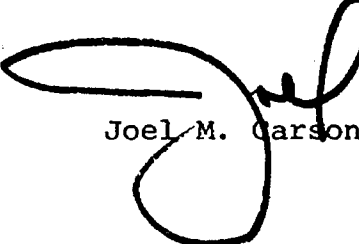
Dear Mr. Ramey:

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for an unorthodox gas well location for its Rio Pecos "GB" No. 2 Well in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that we be furnished with a copy of the docket for said hearing.

Yours truly,

LOSEE, CARSON & DICKERSON, P.A.



Joel M. Carson

JMC:bjm
Enclosures

cc w/enclosure: Mr. Jack W. McCaw

BEFORE THE OIL CONSERVATION COMMISSION

OF THE 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. _____

APPLICATION

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

1. Applicant is the operator of the Wolfcamp and
Pennsylvanian formations underlying:

Township 18 South, Range 27 East, N.M.P.M.

Section 20: S/2

and proposes to drill its Rio Pecos "GB" No. 2 Well at a point
located 1,100 feet from the West line and 1,980 feet from the
South line of said Section 20.

2. The applicant seeks an exception to the well loca-
tion requirements of Rule 104-C.2(a) of the Oil Conservation
Commission to permit the drilling of the well at the above men-
tioned unorthodox location to a depth sufficient to adequately
test the Wolfcamp and Pennsylvanian formations.

3. A standard 320-acre gas proration unit comprising
the S/2 of said Section 20 should be dedicated to such well or
to such lesser portion thereof as is reasonably shown to be
reasonably productive of gas.

4. 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 a well 1,100 feet from the West line and 1,980 feet from the South line of said Section 20 and to dedicate the S/2 of Section 20, which is reasonably presumed to be productive of gas from the Wolfcamp and Pennsylvanian formations.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson

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

Attorneys for Applicant

Dockets Nos. 12-78 and 13-78 are tentatively set for hearing on April 5 and 19, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 22, 1978

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stenets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6151: (Continued from February 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit No. 1 Well No. 5Y located in Unit E of Section 8, Township 13 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6152: (Continued from February 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Al Greer, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Thompson Well No. 1 located in Unit N of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6179: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit McCoy and Phillips and all other interested parties to appear and show cause why the John Bergin Well No. 1 located 2515 feet from the North line and 1410 feet from the West line of Section 21, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6180: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Elvis L. Roberts, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Wade Well No. 1 located 850 feet from the North line and 1750 feet from the East line of Section 21, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6137: (Continued from February 8, 1978, Examiner Hearing)

Application of Amoco Production 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 Nellis Federal Well No. 3 to be located 1980 feet from the North line and 660 feet from the West line of Section 8, Township 19 South, Range 33 East, West Tonto-Pennsylvanian Gas Pool, Lea County, New Mexico, the N/2 of said Section 8 to be dedicated to the well.

CASE 6172: (Continued from March 8, 1978, Examiner Hearing)

Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 22, Township 19 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6131: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Pecos "GD" Well No. 2 to be located 1980 feet from the South line and 1100 feet from the West line of Section 20, Township 18 South, Range 27 East, Red Lake Field, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the S/2 of said Section 20 to be dedicated to the well.

CASE 6182: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Lagura Deep Unit Area comprising 2,558 acres, more or less, of State, Federal and fee lands in Townships 19 and 20 South, Range 33 East, Lea County, New Mexico.

CASE 6183: Application of Mesa Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its North Scharb Unit Area comprising 1911 acres, more or less, of State and fee lands in Township 18 South, Range 35 East, Lea County, New Mexico.

Joel Carson 3-2-78

NSL Yates Petroleum Corp
S/2 20 - 18 S - 27 E

1980 FSL

1100 FWL

Rio Pecos "GB" No 2
Wolfcamp and Pennsylvanian fms.
Red Lake Field Eddy Co
RLS

dr/

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 6181

Order No. R- 5683

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 22, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of , 1978, 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 Rio Pecos "GB" Well No. 2 to be located
approval of an unorthodox ~~gas~~ well location/ 1980 feet from the South
line and 1100 feet from the West line of Section 20, Township
18 South, Range 27 East, NMPM, to test ~~the~~

Wolfcamp and Pennsylvanian formations, Red Lake Field, ~~xxx~~
Eddy County, New Mexico.

(3) That the S/2 of said Section 20 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.

The York P. & O.
Pennsylvanian

(1). That an unorthodox ~~gas~~ well location for the Wolfcamp and ~~the applicant's~~ Rio Pecos "GB" Well No. 2 to be located formations is hereby approved for ~~a well to be located at a point~~ 1980 feet from the South line and 1100 feet from the West line of Section 20, Township 18 South, Range 27 East NMPM, Red Lake Field, ~~xxxxxx~~ Eddy County, New Mexico.

(2) That the S/2 of said Section 20 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~~ *Oil Conservation Division of the New Mexico Energy and Minerals Department* may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

St of NM
Oil Cons Com
Lucero Chairman
Arnold Member
Samay Member and
Division Director