

CASE 6619: HARVEY E. YATES COMPANY FOR
AN UNORTHODOX WELL LOCATION AND NON-
STANDARD PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

CASE NO.

6619

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 21, 1979

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

Mr. Robert H. Strand, Attorney
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

Applicant:

Harvey E. Yates Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other

STATE OF NEW MEXICO
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. 6619
Order No. R-6109

APPLICATION OF HARVEY E. YATES COMPANY
FOR AN UNORTHODOX WELL LOCATION AND
A NON-STANDARD PRORATION UNIT, 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 19th 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, seeks
approval of a 62.75-acre non-standard gas proration unit com-
prising Lots 1 and 2 of Section 19, Township 18 South, Range 29
East, NMPM, to be dedicated to its DEPCO Federal Well No. 1 at
an unorthodox location 330 feet from the North line and 660 feet
from the West line of said Section 19.

(3) That the entire non-standard proration unit may reason-
ably be presumed productive of gas from the proposed Travis-Yates
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the proposed Travis-Yates Gas Pool, will

-2-

Case No. 6619
Order No. R-6109

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.

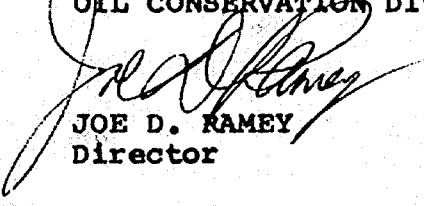
IT IS THEREFORE ORDERED:

(1) That a 62.75-acre non-standard gas proration unit for the Yates formation comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to a well previously drilled at an unorthodox location 330 feet from the North line and 660 feet from the West line of said Section 19.

(2) 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. RAMEY
Director


S E A L

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IN THE MATTER OF:

CASE
6618

CASE
6619

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
 3026 Plaza Blanca (508) 471-2462
 Santa Fe, New Mexico 87301

A P P E A R A N C E S

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

Robert H. Strand, Esq.
Roswell, New Mexico

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3029 Plaza Blanca (005) 471-2462
Santa Fe, New Mexico 87501

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I N D E X

PAUL G. WHITE

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E X H I B I T S

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Applicant Exhibit Three, Estimate	7

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Santa Fe, New Mexico 87501

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1 MR. STAMETS: We'll call Case 6618.

2 MR. STRAND: Mr. Examiner, could we com-
3 bine 6618 and 19? I think the testimony will be relative
4 to both.

5 MR. STAMETS: Let's call both of those
6 cases, Mr. Padilla, and if nobody objects, we will combine
7 those for purposes of testimony.

8 MR. PADILLA: Application of Harvey E.
9 Yates Company for pool creation and special pool rules,
10 Eddy County, New Mexico, and application of Harvey E. Yates
11 Company for an unorthodox well location and a non-standard
12 proration unit, Eddy County, New Mexico.

13 MR. STRAND: Mr. Examiner, my name is
14 Robert Strand. I'm from Roswell, and I represent the
15 applicant, Harvey E. Yates Company. We have one witness,
16 Mr. Paul White.

17
18 (Witness sworn.)

19
20 PAUL G. WHITE

21 being called as a witness and having been duly sworn upon
22 his oath, testified as follows, to-wit:

23
24 DIRECT EXAMINATION

25 BY MR. STRAND:

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3020 Plaza Blanca (SSE) 471-2403
Santa Fe, New Mexico 87501

1 Q State your name, please.

2 A Paul White.

3 Q Mr. White, what is your occupation?

4 A Consulting engineer.

5 Q Have you been employed by the Harvey E.

6 Yates Company, the applicant in these cases, for the pur-
7 poses of testifying at this hearing?

8 A Yes, sir, I have.

9 Q Have you testified before the Division in
10 the past?

11 A Yes, sir, I have.

12 Q Are your qualifications as an expert wit-
13 ness a matter of record before the Commission?

14 A Yes, sir, they are.

15 MR. STRAND: Mr. Examiner, are Mr. White's
16 qualifications satisfactory?

17 MR. STAMETS: Yes.

18 Q (Mr. Strand continuing.) Mr. White, what
19 is the purpose of the application in Case Number 6618 and
20 6619?

21 A The purpose of the application is to try
22 to get approval for the creation of a new gas pool, the
23 Yates Gas Pool, based on the drilling and completion of
24 the Depco Federal No. 1 Well, which is located in Unit D
25 of Section 19, Township 18 South, Range 29 East, Eddy

1 County, with special pool rules including 80-acre gas well
2 spacing.

3 The purpose of Case 6619 is for the appro-
4 val of a 62.75-acre non-standard proration unit consisting
5 of Lots 1 and 2 of Section 19, Township 18 South, Range 29
6 East, and an unorthodox location for its Depco Federal No.
7 1 Well, which was drilled 330 feet from the north line and
8 660 feet from the west line of Section 19.

9 Q Mr. White, is the Depco Federal No. 1
10 Well operated by Harvey E. Yates Company?

11 A Yes, it is.

12 Q Was that well spudded and completed in the
13 latter part of 1978?

14 A Yes, it was spudded on November 28th, 1978
15 and was completed and ready to produce December 12th, 1978.

16 Q Mr. White, what was the objective formation
17 when this well was commenced?

18 A Well, the objective formation was the
19 Seven Rivers oil zone.

20 Q And in going through the files of Harvey
21 E. Yates Company would it be your opinion that this was
22 basically an oil prospect?

23 A Yes, it was.

24 Q Was the well drilled to the Seven Rivers
25 formation?

SALLY WALTON BOYD
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Santa Fe, New Mexico 87101

1 A. Yes.

2 Q And was it subsequently plugged back to the
3 Yates Formation and completed as a gas well?

4 A. Yes, that is correct.

5 Q Mr. White, I refer you to Exhibit Number
6 One. Would you please describe that exhibit?

7 A. Exhibit Number One is a plat, an ownership
8 plat, showing the location of the Depco Federal No. 1 Well
9 and the outline of the 62.75 acreage dedication.

10 Q To your knowledge are there any other gas
11 wells producing from the Yates formation in the vicinity
12 of the Depco Federal No. 1 Well?

13 A. No, sir, not to my knowledge.

14 Q In preparing for this hearing have you
15 analyzed available reservoir data relating to the reserves
16 and drainage from the Yates formation in this area?

17 A. Yes, sir, I have.

18 Q With reference to Exhibit Number Two, would
19 you discuss this exhibit, please?

20 A. Exhibit Number Two is very simply a well
21 diagrammatic sketch of the Depco Federal No. 1. It shows
22 the cement tops, which on the 8-5/8ths at 323 feet cement
23 was circulated; on the 4-1/2 inch casing the cement top
24 was 50 feet from surface. And it shows the tubing set in
25 the well at 960 feet and the perforated interval for the

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1 Yates gas pay.

2 Q Mr. White, with reference to Exhibit Number
3 Three, would you please describe this exhibit?

4 A Okay. Exhibit Number Three is a gas re-
5 serve estimate I made based on the -- and calculated on the
6 following data: The acres of drainage, 80 acres; net pay
7 thickness, 5 feet; average porosity effective, 12 Percent;
8 and formation temperature, 84 degrees Fahrenheit; the form-
9 ation pressure, bottom hole, 301 pounds per square inch
10 gauge; the specific gravity of gas, .792; critical pressure,
11 588 psi, absolute; and critical temperature, 295 degrees.

12 I calculated a formation abandonment
13 pressure, 50 psig. The reserves which I calculated came to
14 34,066 Mcf recoverable.

15 Q Mr. White, is that figure for the reser-
16 voir, as such?

17 A Yes, that's correct.

18 Q Mr. White, have you reached an opinion
19 as to the size of spacing unit which would most effectively
20 drain this reservoir?

21 A The drainage density, in my opinion, the
22 most favorable drainage density on the wells would be an
23 80-acre spacing. The low rate of deliverability from the
24 wells would prohibit drilling the wells on 160-acre unit.
25 Your cash flow from the wells and your payout would be much

1 more attractive and the economics would be more attractive
2 on the 80-acre spacing, and the drainage would be much more
3 effective from this low bottom hole pressure range.

4 Q Mr. White, we're asking for special pool
5 rules for this particular pool, including the 80-acre
6 spacing. Do you have any recommendation on spacing of wells
7 within that spacing unit?

8 A Well, the only recommendations that I
9 would like the Commission to consider would be, of course,
10 the 80-acre spacing unit, and to consider a spacing of no
11 more than 660 feet from the short lease line and 330 feet
12 from the long lease line.

13 Q Mr. White, with regard to the portion of
14 the application for unorthodox location and non-standard
15 proration unit, were these necessitated by the irregular
16 lot size and the fact that we initially were planning this
17 to be an oil well that would have statewide spacing of 40
18 acres?

19 A Yes. This alone more than any other
20 reason prompted the request for 80-acre spacing because it
21 was drilled originally as a Seven Rivers oil prospect and
22 turned out to be a Yates gas well.

23 Q In your opinion will approval of the ap-
24 plication in Cases 6618 and 6619 afford the applicant and
25 all other interest owners the opportunity to produce their

1 fair and equitable share of gas?

2 A Yes, in my opinion that's correct.

3 Q Will it further prevent waste and protect
4 correlative rights?

5 A Yes.

6 MR. STRAND: That's all I have, Mr.
7 Examiner.

8
9 CROSS EXAMINATION

10 BY MR. STAMETS:

11 Q Okay, Mr. White, I want to review the
12 standard location again. Now, what you're proposing is that
13 the well be at least 660 feet from the end line and then
14 330 feet from the side line of the tract.

15 A Yes, sir, that's right.

16 Q Do you feel like that would provide suffi-
17 cient flexibility in the pool so we won't burden ourselves
18 and the operators with unnecessary unorthodox locations?

19 A Yes, that's correct, in my opinion.

20 Q 34,000 Mcf is not a great deal of reserves
21 even at today's gas prices. What do these wells cost out
22 there?

23 A I have not calculated the cost on the
24 wells, but I would say \$36,000.

25 Q You could certainly make a profit at that.

1 MR. STAMETS: Any questions of the witness?
2 He may be excused.

3 Anything further in this case?

4 MR. STRAND: No, Mr. Examiner.

5 MR. STAMETS: One thing before you leave.
6 Have you proposed a name for this particular pool?

7 MR. STRAND: Yes. I believe the Travis
8 Yates Gas Pool. I believe it's in the application.

9 MR. STAMETS: Okay, yes. Very good.

10 The witness may be excused. The case will
11 be taken under advisement.

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(Hearing concluded.)

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 471-2463
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

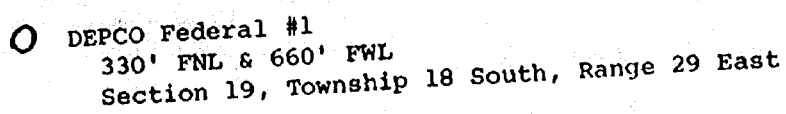
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. heard by me on 19.

Oil Conservation Division, Examiner

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2442
Santa Fe, New Mexico 87501

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~~_____~~ Proposed Proration Unit
DEPCO Federal #1

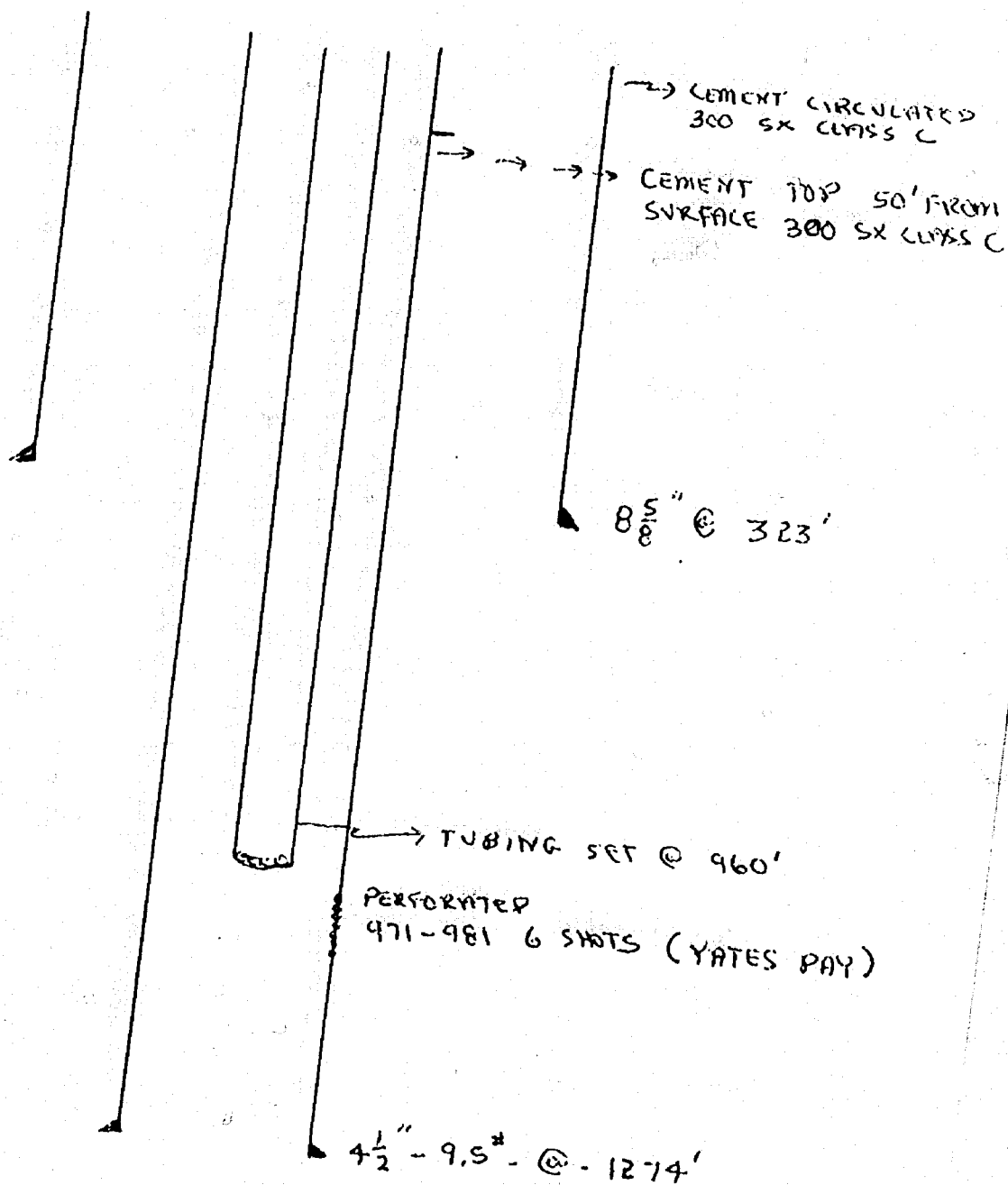
RECEIVED
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
6618 & 6619
Applicant
8/8/79

HARVEY E. YATES

DEPCO FEDERAL NO. 1

330' FNL and 660' FWL SECTION 19
TOWNSHIP 18 SOUTH, RANGE 29 EAST
EDDY COUNTY, NEW MEXICO
ELEVATION 3538' GROUND

DIAGRAMMATIC WELL SKETCH



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 6618-6619

Submitted by Applicant

Hearing Date 8-8-79

HARVEY E. YATES

DEPCO FEDERAL NO. 1

330' FNL and 660' FWL SECTION 19
TOWNSHIP 18 SOUTH, RANGE 29 EAST
EDDY COUNTY, NEW MEXICO
ELEVATION 3538' GROUND

GAS RESERVES

Gas Reserves were calculated on the following well, using the following data:

1. Acres of drainage - 80
2. Net pay thickness - 5'
3. Porosity (Average) - 12%
4. Formation temperature - 84°F
5. Formation pressure - 301 psig
6. Specific gravity of gas - .792
7. Critical pressure - 588 psia
8. Critical temperature - 295°
9. Abandonment formation pressure - 50 psig
10. Water saturation - 18%

*Reserves were calculated as 34,066 MCF recoverable gross gas.

*This low order of reserves from the shallow formations is recoverable at an economic rate only on greater density than 160 acres.

*The 80 acre density would provide more economic recovery of reserves and also would recover reserves which would be lost on a 160 acre pattern.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>3</u>
CASE NO. <u>6618 - 6619</u>
Submitted by <u>Applicant</u>
Hearing Date <u>8-8-79</u>

Docket No. 29-79

Dockets Nos. 32-79 and 33-79 are tentatively set for hearing on August 22 and September 5, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 7, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6590: (Continued from July 25, 1979, Examiner Hearing)

Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6612: Application of Gulf Oil Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9 thru 16 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6555: (DE NOVO)

Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

Upon application of Texas Oil & Gas Corp. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6596: (Continued from July 24, 1979, Commission Hearing)

Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Upper Pennsylvanian gas pool to be designated as the Southeast Indian Basin-Upper Pennsylvanian Gas Pool for its Southeast Indian Basin Well No. 1 located in Unit A of Section 23, Township 22 South, Range 23 East, and special pool rules therefor including 320-acre gas well spacing.

CASE 6597: (Continued from July 24, 1979, Commission Hearing)

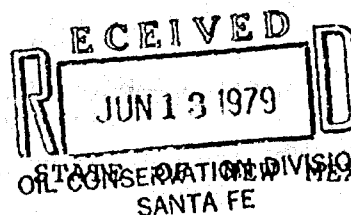
Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Indian Basin Well No. 2, an Upper Pennsylvanian well to be drilled 660 feet from the North and West lines of Section 24, Township 22 South, Range 23 East, with the N/2 or all of said Section 24 to be dedicated to the well, depending on the outcome of Case No. 6596.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 8, 1979

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

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

- CASE 6613: Application of Grace Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Smith Ranch Unit Area, comprising 1,600 acres, more or less, of State and federal lands in Township 20 South, Range 33 East.
- CASE 6602: (Continued from July 25, 1979, Examiner Hearing)
Application of Tenneco Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 33 C No. 2 Well 1010 feet from the North line and 1710 feet from the West line of Section 33, Township 17 South, Range 29 East, South Empire-Wolfcamp Pool, the E/2 NW/4 of said Section 33 to be dedicated to the well.
- CASE 6611: (Continued from July 25, 1979, Examiner Hearing)
Application of Cabot Corp. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water in the Devonian formation through the perforated interval from 12,156 feet to 12,574 feet in its Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, King Field.
- CASE 6614: Application of Texaco Inc. for the amendment of Order No. R-4442, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4442 to remove the top unit allowable restriction from producing wells in the Vacuum Grayburg San Andres Unit which are offset by "lease line" injection wells.
- CASE 6615: Application of Southland Royalty Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kutz-Gallup and Basin-Dakota production in the wellbore of its Frontier "E" Well No. 1 located in Unit O of Section 4, Township 27 North, Range 11 West.
- CASE 6616: Application of Watson Treating Plant for an oil treating plant permit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East.
- CASE 6617: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Otero-Gallup production in the wellbore of its Jicarilla 67 Well No. 10 located in Unit M of Section 30, Township 25 North, Range 5 West.
- CASE 6618: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Yates gas pool for its DEPCO Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, and special rules therefor, including 80-acre gas well spacing.
- CASE 6619: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard Yates gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, to be dedicated to its DEPCO Federal Well No. 1 drilled 330 feet from the North line and 660 feet from the West line of said Section 19.
- CASE 6620: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Austin Monteith Well No. 1 located in Unit K of Section 8, Township 14 South, Range 36 East.
- CASE 6621: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the S/2 of Section 4, Township 18 South, Range 29 East, 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. (This case will be dismissed.)



BEFORE THE OIL CONSERVATION DIVISION - STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
SANTA FE

IN THE MATTER OF APPLICATION)
OF HARVEY E. YATES COMPANY)
FOR CREATION OF A NEW POOL,)
SPECIAL POOL RULES, A NON-)
STANDARD GAS WELL LOCATION)
AND NON-STANDARD PRORATION)
UNIT, EDDY COUNTY, NEW MEXICO)

Case 6619

APPLICATION

Comes now Harvey E. Yates Company by its Attorney and respectfully states:

1. Applicant is the operator of the Yates formation underlying:

Township 18 South, Range 29 East, N.M.P.M.

Section 19: Lots 1 and 2 (W/2 NW/4)

Containing 62.75 acres more or less.

2. Applicant has drilled and completed its DEPCO Federal #1 well in Unit D, Section 19, Township 18 South, Range 29 East at a location 330' FNL and 660' FWL of said Section 19, as a gas producer from the Yates formation. Based on the above described discovery well.

3. Applicant seeks the creation of a new pool to be classified as a gas pool for Yates production and designated as the Travis-Yates gas pool, said pool to comprise:

Township 18 South, Range 29 East

Section 19: Lots 1 and 2

4. Applicant further seeks promulgation of special pool rules under said pool providing that said pool be developed and operated under 80 acre spacing and well location requirements.
5. If Applicant's requests for creation of a new pool, and special pool rules as set out above are granted, Applicant further seeks;

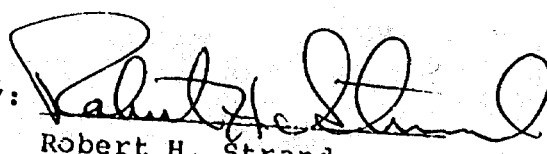
- (1) Dedication of a Non-standard 62.75 acre gas proration unit comprising the above described lands to said well.

- (2) An exception to the well location requirements under such special pool rules to cover said well.
6. 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 an excessive number of wells, and will otherwise prevent waste and protect correlative rights,

Wherefore Applicant requests:

- 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 Division enter its order:
- (1) Creating a new pool classified as a gas pool for Yates production designated as the Travis-Yates gas pool.
 - (2) Promulgating special pool rules providing that said pool be developed and operated under 80 acre spacing and well location requirements.
 - (3) Dedication of a non-standard 62.75 acre gas comprising the Lots 1 and 2 of Section 19, Township 18 South, Range 29 East to the above described well.
 - (4) Granting an exception to the well location requirements to cover said well drilled at the above described location.
- C. For such further relief as the Division deems just and proper.

Harvey E. Yates Company

By: 
Robert H. Strand
Attorney for Applicant

DRAFT

dr/

STATE OF NEW MEXICO
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. 6619

Order No. R- 6109

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Full
JAK
APPLICATION OF HARVEY E. YATES COMPANY FOR AN UNORTHODOX/LOCATION AND WELL
FOR A NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION *Jsu*

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 day of August, 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
seeks approval of a 62.75-acre non-standard gas proration unit
comprising ~~the~~ Lots 1 and 2 of Section 19, Town-
ship 18 South, Range 29 East, NMPM, to be dedicated to
its DEPCO Federal Well No. 1 at an unorthodox location
330 feet from the North line and 660 feet from the West line
~~of said Section 19~~ of said Section 19.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the proposed Travis - Yates
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the proposed Travis - Yates Gas 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:

(1) That a 62.75 -acre non-standard gas proration unit for the Yates formation ~~in the~~ Gas Pool comprising ~~the~~ Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to ~~the~~ ^{previously} a well ~~to be~~ drilled at an ~~unorthodox~~ location 330 feet from the North line and 660 feet from the West line ~~located in unit~~ ~~xxxxxx~~ of said Section 19.

(2) 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.