CASE 6932: YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO.

6932

APPlication, Transcripts, Small Exhibits,

ETC.

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2008 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

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

Re: CASE NO. 6932 ORDER NO. R-6406

Applicant:

Yates Petroleum Corporation

Dear Sir:

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

Pours very truly,

JOE D. RAMEY

Director

JDR/fd

Copy of order also sent to:

Artesia OCD X
Aztec OCD

Other

(Sept. 10)

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. 6932 Order No. R-6406

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 9, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of August, 1980, 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, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its State "JH" Well No. 2 to be drilled 660 feet from the South line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East, NMPH, to test the Morrow formation, Eddy County, New Mexico.
- (3) That the S/2 of said Section 25 is to be dedicated to the well.
- (4) That a well at eaid unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed un-

~2-Case No. 6932 Order No. R-6406

(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:

- (1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Yates Petroleum Corporation State "JM" Well No. 2 to be located at a point 660 feet from the South line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico.
- (2) That the S/2 of said Section 25 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 Division may deem necessary.

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

STATE OF NEW MEXICO GIL CONSERVATION DIVISION

DOE D. RAMEY

fd/

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 9 July 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor-) ation for an unorthodox gas well loca-) tion, Eddy County, New Mexico.

CASE 6932

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq. LOSEE, CARSON, & DICKERSON Artesia, New Mexico

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MR. NUTTER: We'll call next Case Number

6932.

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MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR, DICKERSON: Chad Dickerson, Mr.

Examiner, on behalf of the applicant, and we have one witness.

(Witness sworn.)

RAY BECK

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

DIRECT EXAMINATION

BY MR. DICKERSON:

Will you state your name, your occupation and where you reside, please?

Ray Beck, geologist for Yates Petroleum, Artesia, New Mexico.

Mr. Beck, have you previously qualified and testified before the Oil Conservation Division?

Yes, I have.

MR. DICKERSON: Mr. Examiner, is the wit-

ness qualified?

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MR. NUTTER: Yes, he is.

Q. Mr. Beck, would you briefly describe the purposes of application in Case Number 6932 of Yates?

In Case 6932 Yates Petroleum Corporation requests approval of an unorthodox gas well location of its proposed No. 2 State "JN", to be drilled 660 from the south and east lines of Section 25, Township 18 South, Range 24 East, Eddy County, New Mexico. The south half of Section 25 will be dedicated to the well.

Q Mr. Beck, would you please refer to what is marked Exhibit Number One and describe what it shows?

A Exhibit Number One is a land plat showing the proposed location and its relationship with surrounding acreage.

Yellow denotes acreage in which Yates has an interest.

Q Turn to Exhibit Number Two and describe what it shows, please.

A Exhibit Number Two is an Isopach map showing the thickness of the Morrow Clastics surrounding the proposed location.

Near the subcrop of the Morrow wells located on or close to axes of the Morrow Clastic thicks are more likely to encounter economically gas productive narrow Morrow channel reservoirs.

Also indicated on the map are the limits of the secondary objective Permo-Penn carbonate bank, which produces gas usually at low volumes.

As the map indicates, the requested non-standard location will be close to the axis of a Morrow Clastic thick and inside the limits of the Permo-Penn bank secondary objective.

Q. Refer to Exhibit Number Three, please, and describe what it shows.

Exhibit Number Three is a west/east cross section going through the proposed location, and shown are the pertinent correlations relative to Exhibit Number Two.

Q. Mr. Beck, were Exhibits One, Two, and Three prepared by you or under your direction?

A Yes, they were.

MR. DICKERSON: Mr. Examiner, at this time
we'd move that the Exhibits One, Two, and Three be admitted.

MR. NUTTER: Exhibits One through Three
will be admitted in evidence.

MR. DICKERSON: And that's all we have on direct, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Beck, this well out here in the south

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west quarter of Section 25, it is the third well on the cross section and penetrated the Morrow formation.

A. Yes, sir.

Q What happened to that well?

A. They didn't find any Morrow sand.

Q. No Morrow sand there?

A. No economically productive Morrow sand.

It wasn't even worth drill stem testing.

And the object of moving to the southeast corner of Section 25 would be to penetrate the thicker portion of the sand that you think is present there, is that it?

A. Yes, sir.

MR. NUTTER: Are there any further questions of the witness?

MR. DICKERSON: One further question, Mr.

Examiner.

REDIRECT EXAMINATION

BY MR. DICKERSON:

Mr. Beck, in your opinion would the granting of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, it would.

MR, DICKERSON: That's all, Mr. Examiner.

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MR. NUTTER: If there are no further questions the witness may be excused.

Does any -- do you have anything further,

Mr. Dickerson?

MR. DICKERSON: No, sir.

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6932?

We'll take the case under advisement.

(Hearing concluded.)

CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Strly W. Boyd CER

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I do hereby certify that the foregoing to a complete record of the proceedings in the Examiner hearing of Case No. 2732

Examiner

Oll Conservation Division

STATE OF NEW REXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 9 July 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

CASE 6932

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq. LOSEE, CARSON, & DICKERSON Artesia, New Mexico

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RAY BECK

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Cross Examination by Mr. Nutter

Direct Examination by Mr Dickerson

Redirect Examination by Mr. Dickerson

EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, Isopach Applicant Exhibit Three, Cross Section

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MR, DICKERSON: Chad Dickerson, Mr.

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(Witness sworn.)

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A. Ray Beck, geologist for Yates Petroleum,
Artesia, New Mexico.

Mr. Beck, have you previously qualified and testified before the Oil Conservation Division?

A. Yes, I have.

MR. DICKERSON: Mr. Examiner, is the wit-

ness qualified?

KALLY W. BOYD, C.S.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (205) 455-7409

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MR. HUTTER: Yes, he is.

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Near the subcrop of the Morrow wells located on or close to axes of the Morrow Clastic thicks are more likely to encounter economically gas productive narrow Morrow channel reservoirs.

ALLY W. BOYD, C.S.IR Rt. 1 Box 193-B Santa Fe. New Merico 87501 Phone (505) 435-7409 2

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Exhibit Number Three is a west/east cross section going through the proposed location, and shown are the pertinent correlations relative to Exhibit Number Two.

Q. Mr. Beck, were Exhibits One, Two, and Three prepared by you or under your direction?

A Yes, they were.

MR. DICKERSON: Mr. Examiner, at this time we'd move that the Exhibits One, Two, and Three be admitted.

MR. NUTTER: Exhibits One through Three

will be admitted in evidence.

MR. DICKERSON: And that's all we have on direct, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q.

Mr. Beck, this well out here in the south

ALLY W. BOYD, C.S.R. Rt. 1 Box 193-8 Santa Fe, New Mexico 87501 Physics 4502 455.7400 10

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west quarter of Section 25, it is the third well on the cross section and penetrated the Morrow formation.

A. Yes, sir.

Q What happened to that well?

A They didn't find any Morrow sand.

Q No Morrow sand there?

A. No economically productive Morrow sand.

It wasn't even worth drill stem testing.

And the object of moving to the southeast corner of Section 25 would be to penetrate the thicker portion of the sand that you think is present there, is that it?

A. Yes, sir.

MR. NUTTER: Are there any further questions of the witness?

MR. DICKERSON: One further question, Mr.

Examiner.

REDIRECT EXAMINATION

BY MR. DICKERSON:

Mr. Beck, in your opinion would the granting of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, it would.

MR. DICKERSON: That's all, Mr. Examiner.

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MR. NUTTER: If there are no further questions the witness may be excused.

Does any -- do you have anything further,

Mr. Dickerson?

MR. DICKERSON: No, sir.

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6932?

We'll take the case under advisement.

(Hearing concluded.)

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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

> I do hereby certify that the foregoing 16 a complete record of the proceedings in the Examiner hearing of Care No. heard by me or Examiner

Conservation Division

STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 9 July 1980 EXAM NER HEARING 6

IN THE MATTER OF:

Application of Gulf Oil Corporation) for an unorthodox location and simul-) taneous dedication, Lea County, New)

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

> CASE 6953

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

William V. Kastler, Esq. The Gulf Companies P. O. Box 3725 Houston, Texas 77001

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BETHEL S. STRAWSER

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Cross Examination by Mr. Nutter 8

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Applicant Exhibit Two, Tabulation

SALLY W. BOYD, C.S.
Ri. 1 Box 193-B
Santa Fe, New Mexico 37301
Phone (393) 455-7409

order, please.

will be Case Number 6953.

MR. PADILLA: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico.

MR. NUTTER: The hearing will come to

The first case on the docket this morning

MR. KASTLER: If the Examiner please, my name is Bill Kastler. I'm now living in Houston, Texas, but I'm an active member of the New Mexico Bar.

I'm appearing on behalf of Gulf Oil Corporation and our witness in this case is Bethel S. Strawser.

(Witness sworn.)

BETHEL S. STRAWSER

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

DIRECT EXAMINATION

BY MR. KASTLER:

Will you please state your name, your employer, and where you are located?

My name is Bethel Strawser. I'm employed by Gulf Oil Corporation in Midland, Texas, as a petroleum

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LLY W. BOYD, C.S.R Rt. 1 Box 195-B ants Fe, New Mexico 87501 Phone (505) 455-7409

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engineer.

A Have you previously appeared before the New Mexico Oil Conservation Division --

A. Yes, I have.

Q -- and qualified as an expert?

A. Yes, I have, sir.

Q Are you familiar with the testimony in this application of Gulf?

A. Yes, sir.

MR. KASTLER: Mr. Examiner, I move the witness' qualifications be accepted.

MR. NUTTER: The witness is qualified.

Q Would you please briefly state what Gulf is seeking in this application?

A. Okay. Gulf is seeking authority to recomplete our Theodore Anderson Well No. 7 in the Eumont Gas

Pool. This will be an unorthodox location 1980 from the

north line and 660 from the east line of Unit H in Section 17

Township 20 South, Range 37 East.

We will also request to simultaneously dedicate a previously approved 240-acre nonstandard proration unit to our Well No. 7 and the currently producing Well No.

4. This will comprise the northeast quarter and the east half of the northwest quarter of Section 17.

We will also request to produce the unit

ALLY W. BOYD, C.S.I Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409 2

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allowable in any proportion between these two wells.

Q Do you have an exhibit which shows the Gulf Theodore Anderson lease?

A. Yes, sir, that is our Exhibit Number One.

Q Will you please refer to Exhibit Number
One and explain what it shows?

A. Yes. Our Exhibit Number One is a plat which shows Gulf's 240-acre Theodore Anderson lease outlined in red. This is the northeast quarter and the east half of the northwest quarter of Section 17, 20 South, 37 East.

This area is currently dedicated to our
Theodore Anderson Well No. 4 in Unit B of Section 17, shown in
yellow on the plat.

Q Now what is the current status of that yellow T. Anderson Well No. 4?

A.———Well No. 4 is presently completed in the Eumont Gas Pool over the interval 3290 to 3402.

Q. What is the current producing capacity of Well No. 4?

Mell No. 4 is currently classified as a marginal well. It is not able to make the nonmarginal allowable that would normally be assigned to a 240-acre unit.

In April the well produced an average of 858 Mcf per day.

Q What completion is now intended for the

ALLY W. BOYD, C.S Rt. 1 Box 193-B Santa Fe, New Mexico 87:201 Phone (305) 455-7409 2

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T. Anderson Well No. 7?

A. It is our intention that the T. Anderson Well No. 7, which was originally completed in the Monument Pool in 1956, should not be produced from the Eumont Gas Pool over an interval of approximately 3308 to 3416.

We would set a bridge plug and cement at 3525 to abandon the lower pay.

Q Is T. Anderson Well No. 7 identified on Exhibit One?

A Yes, sir, it is circled in green on Exhibit Number One.

Q Is this request in the interest of protection of correlative rights?

A. Yes, sir, it is. On Gulf's Exhibit Number Two we have a tabulation of production and allowable data for Eumont Gas completions in the immediate vicinity of our T. Anderson lease.

Please note in the status column, the second column of numbers, that many of the wells in the vicinity are nonmarginal wells, fully capable of producing full allowables for their assigned acreage.

In particular, in Section 16, Conoco's State C-16 Well No. 1 is a nonmarginal well. This offsets Gulf T. Anderson Well No. 7 directly to the east.

Also in Section 17, offsetting us to the

SALLY W. BOYD, C.S.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87301
Phone (505) 455-7409

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west, the R. B. Honeyman - Wulff State Well No. 2 is also a nonmarginal well.

And in Section 8, offsetting us to the north, most of the wells there are nonmarginal wells.

Q Has the New Mexico Oil Conservation Division already set a precedent for a second well on a non-standard gas proration unit with simultaneous dedication of their acreage in this area?

A Yes, sir, they have. Our plat shows two such instances.

To the northwest of our lease Union Texas

Petroleum has a 320-acre nonstandard proration unit in Section

7, which is simultaneously dedicated to their Britt Wells

Nos. 3 and 12.

Also, to the southwest of our lease

Conoco has a 160-acre non-standard proration unit, which is
simultaneously dedicated to their Britt B-18 Wells Nos. 3
and 6.

Q All right. And their relative positions are northwest and southwest of Gulf's Anderson lease?

A. That is correct.

Q Would you again briefly summarize the three items Gulf is seeking in this application?

A. Gulf is seeking authority to recomplete our T. Anderson Well No. 7 in the Eumont Gas Pool as an unortho-

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24 25 dox location that is 1980 feet from the north line and 660 feet from the east line on Unit H of Section 17, Township 20 South, Range 37 East.

We also wish to simultaneously dedicate our previously approved 240-acre unit to the Well No. 4 and the Well No. 7. This again is the northeast quarter and the east half of the northwest quarter of Section 17.

We also wish to produce the unit allowable for that 240 acres in any proportion between the two wells.

Q Were Exhibits-One-and-Two-prepared-byyou or under your direction?

A Yes, sir, they were.

MR. KASTLER: This completes our questions on direct examination, and I would like to move at this time, Mr. Examiner, that Exhibits One and Two be admitted in evidence in this hearing.

MR. NUTTER: Gulf Exhibits One and Two will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Ms. Strawser, as I understand it, the No. 4 Well on this unit is currently classified as a marginal well, is that correct?

A That is correct.

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MR. NUTTER: Are there any further questions of the witness? She may be excused.

Do you have anything further, Mr. Kastler?

MR. KASTLER: Nothing further, thank you.

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6953?

We'll take the case under advisement.

(Hearing concluded.)

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Page	 	 10

CERTIFICATE

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Sneey W. Boyd C.S.R.

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ALLY W. BOYD, C.S.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87:91

Phone (303) 455-749

Santa

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 9 July 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation) for an unorthodox location and simul-) taneous dedication, Lea County, New Mexico.

CASE 6953

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BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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I N D E X

BETHEL S. STRAWSER

Direct Examination by Mr. Kastler Cross Examination by Mr. Nutter

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EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, Tabulation

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22 23 MR. NUTTER: The hearing will come to

The first case on the docket this morning will be Case Number 6953.

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MR. KASTLER: If the Examiner please, my name is Bill Kastler. I'm now living in Houston, Texas, but I'm an active member of the New Mexico Bar.

I'm appearing on behalf of Gulf Oil Corporation and our witness in this case is Bethel S. Strawser

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LY W. BOYD, C.S.R.

Rt. 1 Box 193-B

114 Fe, New Mexico 87501

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engineer.

New Mexico Oil Conservation Division ---

λ. Yes, I have.

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LLY W. BOYD, C.S. Rt. 1 Box 193-B Anta Fe, New Mexico 67501 Phone (505) 455-7409

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T. Anderson Well No. 7?

A. It is our intention that the T. Anderson Well No. 7, which was originally completed in the Monument Pool in 1956, should not be produced from the Eumont Gas Pool over an interval of approximately 3308 to 3416.

We would set a bridge plug and cement at 3525 to abandon the lower pay.

Q Is T. Anderson Well No. 7 identified on Exhibit One?

A. Yes, sir, it is circled in green on Exhibit Number One.

Q Is this request in the interest of protection of correlative rights?

A Yes, sir, it is. On Gulf's Exhibit Number Two we have a tabulation of production and allowable data for Eumont Gas completions in the immediate widinity of our T. Anderson lease.

Please note in the status column, the second column of numbers, that many of the wells in the vicinity are nonmarginal wells, fully capable of producing full allowables for their assigned acreage.

In particular, in Section 16, Concco's State C-16 Well No. 1 is a nonmarginal well. This offsets Gulf T. Anderson Well No. 7 directly to the east.

Also in Section 17, offsetting us to the

LY W. BOYD, C.S.F Rt. 1 Box 199-B nut Fe, New Mexico 87501 Phone (505) 455-7409 10

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west, the R. B. Honeyman - Wulff State Well No. 2 is also a nonmarginal well.

And in Section 8, offsetting us to the north, most of the wells there are nonmarginal wells.

Mas the New Mexico Oil Conservation Division already set a precedent for a second well on a non-standard gas proration unit with simultaneous dedication of their acreage in this area?

A. Yes, sir, they have. Our plat shows two such instances.

To the northwest of our lease Union Texas

Petroleum has a 320-acre nonstandard proration unit in Section

7, which is simultaneously dedicated to their Britt Wells

Nos. 3 and 12.

Also, to the southwest of our lease Conoco has a 160-acre non-standard proration unit, which is simultaneously dedicated to their Britt B-18 Wells Nos. 3 and 6.

Q All right. And their relative positions are northwest and southwest of Gulf's Anderson lease?

A. That is correct.

0. Would you again briefly summarize the three items Gulf is seeking in this application?

A Gulf is secking authority to recomplete our T. Anderson Well No. 7 in the Eumont Gas Pool as an unortho

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dox location that is 1980 feet from the north line and 660 feet from the east line on Unit H of Section 17, Township 20 South, Range 37 East.

We also wish to simultaneously dedicate our previously approved 240-acre unit to the Well No. 4 and the Well No. 7. This again is the northeast quarter and the east half of the northwest quarter of Section 17.

We also wish to produce the unit allowable for that 240 acres in any proportion between the two wells.

Q Were Exhibits One and Two prepared by you or under your direction?

A Yes, sir, they were.

MR. KASTLER: This completes our questions on direct examination, and I would like to move at this time, Mr. Examiner, that Exhibits One and Two be admitted in evidence in this hearing.

MR. NUTTER: Gulf Exhibits One and Two will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Ms. Strawser, as I understand it, the No. 4 Well on this unit is currently classified as a marginal well, is that correct?

A That is correct.

W. BOYD, C.S.R. Rt. 1 Box 193-B 2

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MR. NUTTER: Are there any further questions of the witness? She may be excused.

Do you have anything further, Mr. Kastler?

MR. KASTLER: Nothing further, thank you.

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6953?

We'll take the case under advisement.

(Hearing concluded.)

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CERTIFICATE

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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

> do hereby certify that the foregoing a complete record of the proceedings in the Expainer hearing of Case 100

Oll Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor-) ation for an unorthodox gas well loca-) tion, Eddy County, New Mexico.

CASE 6932

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

APPEARANCES

For the Oll Conservation.
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

ALLY W. BOYD, C.S.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (593) 453-7400

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Page 2

order.

We'll call at this time Case 6932,

MR. STAMETS: The hearing will come to

MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. STAMETS: At the request of the applicant this case will be continued to the July 9th Examiner Hearing.

(Hearing concluded.)

LLY W. BOYD, C.S.F Rt. 1 Box 123-B Santa Pe, New Mexico 87301 Phone (503) 455-7409

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Solly W. Boyd COR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6832 Examiner

Oil Conservation Division

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Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409

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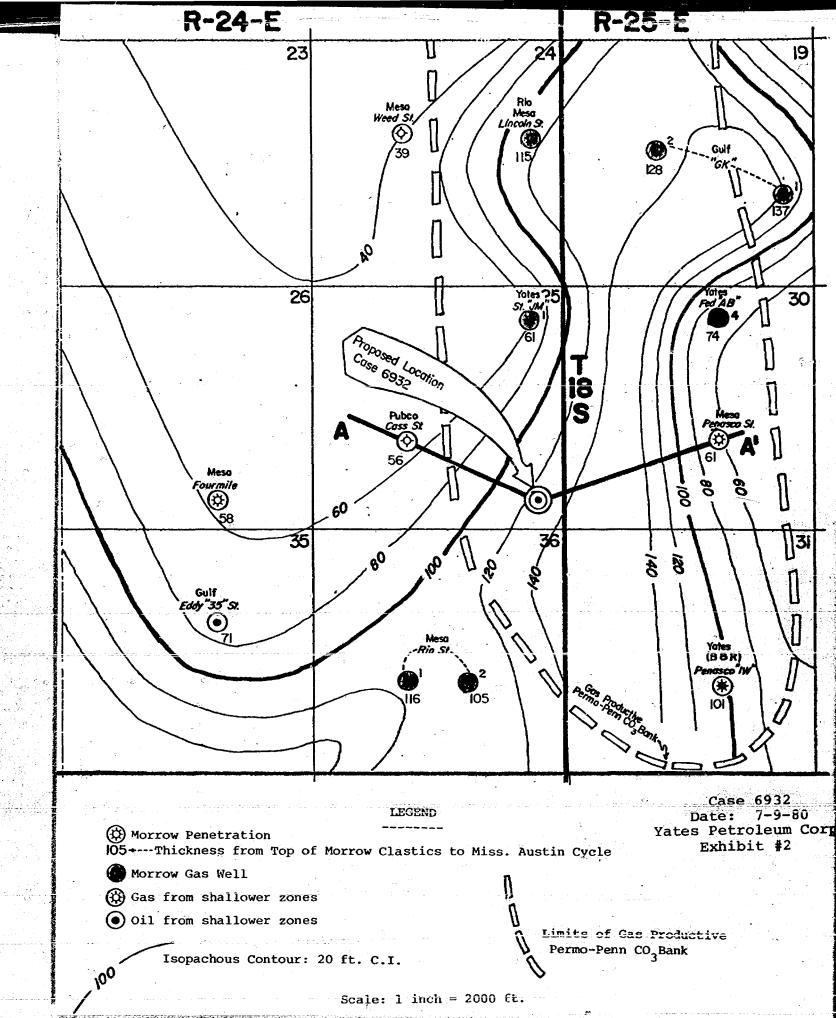
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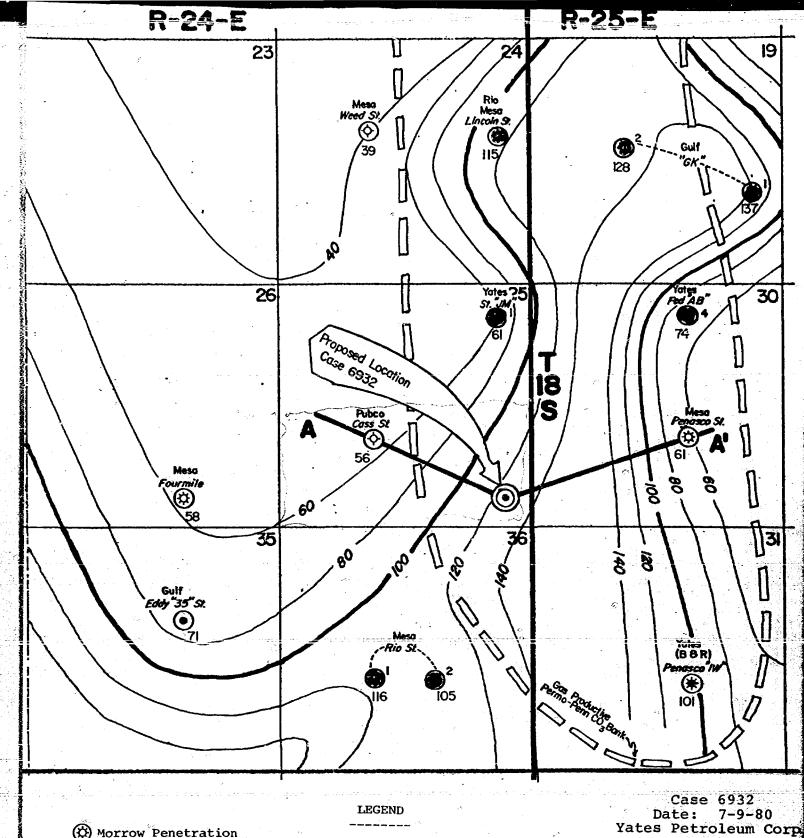
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Morrow Penetration
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Morrow Gas Well

(3) Gas from shallower zones

• Oil from shallower zones

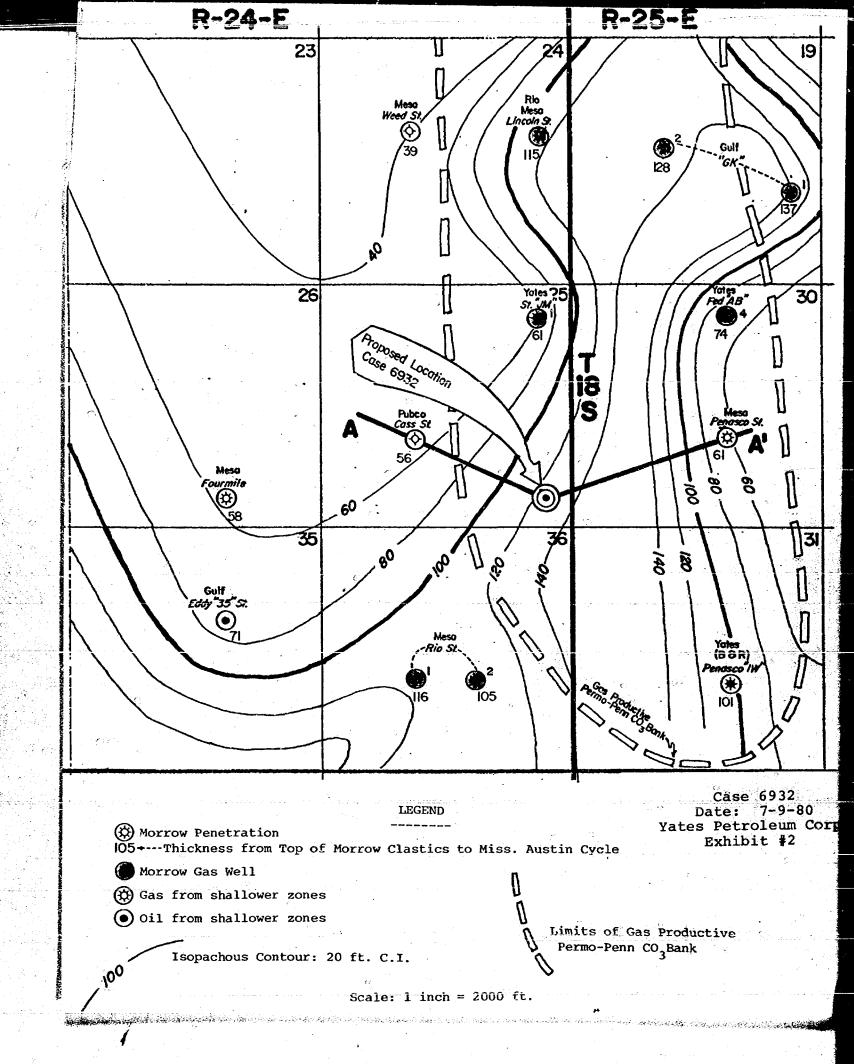
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Limits of Gas Productive Permo-Penn CO₃Bank

Exhibit #2

Scale: 1 inch = 2000 ft.

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Dockets Nos. 22-80 and 23-80 are tentatively set for July 23 and August 6, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 9, 1980

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

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

- CASE 6953: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 17, Township 20 South, Range 37 East, Eumont Gas Pool, to its Theodore Anderson Well No. 4 located in Unit B, and its No. 7, at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 17.
- CASE 6954: Application of Harvey E. Yates Company for amendment of Order No. R-6303, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks the amendment of Order No. R-6303 which authorized the directional drilling of a well, the surface location of which is 660 feet from the North line and 1980 feet from the West line of Section 32, Township 13 South, Range 36 East. Applicant seeks approval for the bottom hole location of the well at a point 654 feet from the North line and 2158 feet from the West line of said Section 32.

CASE 6921: (Readvertised)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 33. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6932: (Continued from June 25, 1980, 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 State "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.

CASE 6934: (Continued from June 25, 1980, Examiner Hearing)

Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre provation units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

- CASE 6955: 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 TapacitoPictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No.
 42 located in Unit M of Section 22, Township 27 North, Range 5 West.
- CASE 6956: Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State "CH" Well No. 1 located in Unit F of Section 21, Township 16 South, Range 35 East.
- CASE 6957: Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State HK Com Well No. 1 located in Unit L of Section 6. Township 24 South, Henge 25 East.

Dockets Nos. 20-80 and 21-80 are tentatively set for July 9 and 23, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1980

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 6891: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Midwest Refining Company, United States Fidelity & Guaranty Company, and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

- CASE 6929: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco

 Mesaverde and Basin-Dakota production in the wellbore of its NCRA Well No. 1-E located in Unit G

 of Section 22, Township 26 North, Range 7 West, by using the Dakota gas for gas lift of Mesaverde
 liquids after metering on the surface.
- CASE 6930: Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 21 to be drilled 660 feet from the North and East lines of Section 36, Township 17 South, Range 28 East, the E/2 of said Section 36 to be dedicated to the well.
- CASE 6931: Application of H. L. Harvey for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Fruitland and Bloomfield-Farmington production in the wellbore of his Jones Well No. 3 located in Unit B of Section 13, Township 29 North, Range 11 West.
- CASE 6917: (Continued from June 4, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

- CASE 6932: 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 State "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.
- CASE 6933: Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Horrow formation underlying two 320-acre proration units, being the N/2 and the S/2 of Section 2, Township 19 South, Range 25 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.
- CASE 6934: Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre proration units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6901: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 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.

LAW OFFICES

LOSEE, CARSON & DICKERSON, P. A.

300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

746-3508

May 27, 1980

Mr. Joe D. Ramey, Director Energy and Minerals Department Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501 MAY 2 8 1980

OIL CONS RVATION DIVISION
SANTA FE

Case 6932

Dear Mr. Ramey:

A.J. LOSEE

JOEL M. CARSON

CHAD DICKERSON

DAVID R. VANDIVER

Enclosed for filing, please find three copies each of an application of Yates Petroleum Corporation for an unorthodox location and two applications of Yates Petroleum Corporation for compulsory pooling in Eddy County, New Mexico.

We ask that these cases be set for hearing before an examiner and that you furnish us with a docket of said hearings.

Thank you.

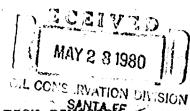
Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

Chad Dickerson

CD:pvm Enclosures

cc: Yates Petroleum Corporation



BEFORE THE OIL CONSERVATION DIVISION

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. 6932

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 18 South, Range 24 East, N.M.P.M.

Section 25: S/2

and proposes to drill its State "JM" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 25.

- 2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.
- 3. A standard 320-acre gas proration unit comprising the S/2 of said Section 25 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be 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:

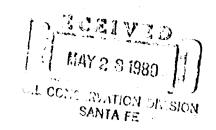
- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Division enter its order granting applicant permission to drill its State "JM" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 25, and to dedicate the S/2 of Section 25, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.
- C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

Y: Mod No.

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

Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION 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. 693Z

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of the Morrow forma-

Township 18 South, Range 24 East, N.M.P.M.

Section 25: S/2

and proposes to drill its State "JM" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 25.

- 2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Horrow formation.
- 3. A standard 320-acre gas proration unit comprising the \$/2 of said Section 25 should be dedicated to such well
 or to such lesser portion thereof as is reasonably shown to be
 productive of gas.
- 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:

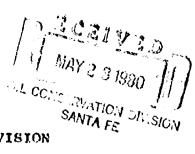
- That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- That upon hearing the Division enter its order granting applicant permission to drill its State "JM" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 25, and to dedicate the 8/2 of Section 25, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.
- And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

Chad Dickerson

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

Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION

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. 6932

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 18 South, Range 24 Bast, N.M.P.H.

Section 25: 8/2

and proposes to drill its State "JM" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 25.

- 2. The applicant meeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Horrow formation.
- 3. A standard 320-acre gas proration unit comprising the 8/D of said Section 25 should be dedicated to such well
 or to such lesser portion thereof as is reasonably shown to be
 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 prayer

That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

- That upon hearing the Division enter its order В. granting applicant permission to drill its State "JM" No. 2 Well 560 feet from the south line and 660 feet from the east line of said Section 25, and to dedicate the 8/2 of Section 25, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.
- C. " And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

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

Attorneys 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:

location.

	COMPADELLING.		
		CASE NO. 6932	
		ORDER NO. R- 6406	
	APPLICATION OF YATES PETROLEUM	CORPORATION	
	FOR AN UNORTHODOX GAS WELL LOCAT	TON,	
/	· EDDY COUNTY, NEW M	EXICO.	
	ORDER OF THE	DIVISION OU	
	BY THE DIVISION:		
	This cause came on for hear	ing at 9 a.m. on July 9	
	19 80, at Santa Fe, New Mexico,	before Examiner Daniel S. Nutter	١
	NOW, on thisday of_	July , 19 80 , 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	on of this cause and the subject	
	matter thereof.		
	(2) That the applicant,		
1	of its State "JM" W seeks approval of an unorthodox	ell No. 2 to be drilled gas well location/ 660	
	feet from the South line as	nd 660 feet from the	
	East line of Section _25	, Township 18 South	
	Range 24 East NMPM, to	test the Morrow	
- }	formation,	Pool Eddy	
1	County, New Mexico.		
	(3) That the S/2 of sa	aid Section 25 is to be	
	dedicated to the well.		
	(4) That a well at said und	orthodox location will better	
-1!	enable applicant to produce the	gas underlying the proration unit.	
		c objected to the proposed unorthodo	×o

	(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:
h e	(1) That an unorthodox gas well location for the Morrow Yates Petroleum Corporation State "JM" Well No. 2 formation is hereby approved for axwed to be located at a point 660
	feet from the South line and 660 feet from the East

(2) That the $\frac{S/2}{}$ of said Section $\frac{25}{}$ shall be dedicated to

(3) That jurisdiction of this cause is retained for the entry of such

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

Range 24 East

line of Section 25 , Township 18 South

further orders as the Division may deem necessary.

NMPM, ____

New Mexico.

the above-described well.