

CASE 7218: YATES PETROLEUM CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO

CASE NO.

72/8

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
8 April 1981

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7218

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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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I N D E X

RANDY HARRIS

Direct Examination by Mr. Dickerson

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Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Isopach

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Applicant Exhibit Three, Cross Section

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MR. STAMETS: We'll call next Case 7218.

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

MR. DICKERSON: Chad Dickerson from
Artesia, appearing on behalf of the applicant. We have one
witness.

(Witness sworn.)

RANDY HARRIS

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

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Will you state your name, your occupa-
tion, and by whom you're employed, please?

A My name is Randy Harris. I'm a geolo-
gist for Yates Petroleum Corporation.

Q Mr. Harris, have you previously testi-
fied before this Division as a geologist and had your
credentials made a matter of record?

A Yes, I have.

1
2 A. Yes, I have.

3 Q. Are you familiar with the application
4 in this proceeding?

5 A. Yes.

6 MR. DICKERSON: We tender Mr. Harris
7 as an expert witness, Mr. Examiner.

8 MR. STAMETS: He is considered quali-
9 fied.

10 Q. Will you briefly describe the purpose
11 of Yates' application?

12 A. Yes. Yates Petroleum Corporation seeks
13 approval of the unorthodox gas well location of its Federal
14 "BQ" Well No. 7, to be drilled 660 from the north line and
15 990 from the west line of Section 27, Township 17 South,
16 Range 25 East, Eddy County; the north half to be dedicated
17 to this well.

18 Q. Mr. Harris, will you please refer to
19 what is marked Exhibit Number One and describe what it shows?

20 A. Exhibit Number One is a land plat
21 showing the location of the well, the proration unit, and
22 the surrounding leasehold situation.

23 Yellow color denotes acreage in which
24 Yates owns an interest. It also may be noted that unorthodox
25 movement is also towards Yates' acreage.

1
2 Q Mr. Harris, please refer to what is
3 marked Exhibit Number Two and describe what it depicts.

4 A Exhibit Number Two is an Isopach map
5 showing the thickness of the Morrow Clastics in the vicinity
6 of the subject location. Current well control shows a thick
7 running between the Sowers well in Section 34 and the Jackson
8 "BY" 9 Well in Section 22. It is along this north/south
9 thick that we expect a Morrow channel reservoir.

10 The Sowers well had an Upper Morrow
11 channel, which is 48 feet thick, that tested wet.

12 The Jackson well had the same channel
13 as the Sowers but it proved to be tight after perforating,
14 acidizing, and fracing.

15 The proposed location may find the
16 channel up dip from the water and down dip from the tightening
17 of the channel. And the Morrow dips approximately 150-200
18 feet per mile to the southeast.

19 Q Mr. Harris, will you turn to Exhibit
20 Number Three and describe what it shows?

21 A Exhibit Number Three is a north/south
22 cross section from the Sowers "FB" No. 1 to the Jackson State
23 "BY" 9, showing the pertinent correlations and the channel
24 sand discussed in the previous exhibit.

25 Q Mr. Harris, were Exhibits One, Two, and

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Three prepared by you or under your direction?

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A. Yes, they were.

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Q In your opinion, Mr. Harris, would the granting of this application be in the interest of conservation, the prevention of waste?

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A. Yes.

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MR. DICKERSON: Mr. Examiner, I move admission of Applicant's Exhibits One, Two, and Three.

10

11

MR. STAMETS: These exhibits will be admitted.

12

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MR. DICKERSON: And that concludes our testimony.

14

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CROSS EXAMINATION

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BY MR. STAMETS:

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Q Mr. Harris, I presume that there -- even though this one particular Morrow channel is the focus of the drilling operations here, that you would like to have authority to produce any other productive zones in the Wolfcamp, Pennsylvanian sections that might be encountered?

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25

A. Yes, sir, there is always a possibility for the Permo-Penn, Cisco, Wolfcamp, and the Strawn and Atoka to produce in this area.

Q Okay.

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

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7499

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7218
heard by me on 4-8 1981.

Richard L. Stewart, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
8 April 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor-)
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location, Eddy County, New Mexico.) 7218

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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State Land Office Bldg.
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8 Artesia, appearing on behalf of the applicant. We have one
9 witness.

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11 (Witness sworn.)

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17 DIRECT EXAMINATION

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3 the witness? He may be excused.

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5 The case will be taken under advisement.
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7 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd CSR

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____.

_____, Examiner
Oil Conservation Division

SALLY W. ROYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 15, 1981

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

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

Re: CASE NO. 7218
ORDER NO. 6656

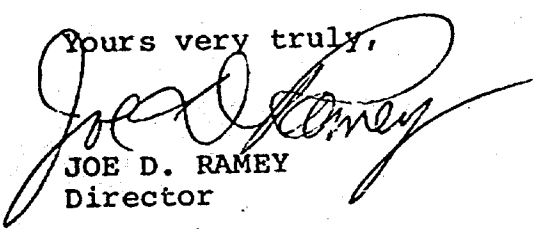
Applicant:

Yates Petroleum Corporation

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 _____
Artesia OCD _____
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. 7218
Order No. R-6656

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 April 8, 1981,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of April, 1981, 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 Federal "80"
Well No. 7 to be drilled 660 feet from the North line and 990
feet from the West line of Section 27, Township 17 South, Range
25 East, NMPM, to test the Wolfcamp and Pennsylvanian formations,
Eddy County, New Mexico.

(3) That the N/2 of said Section 27 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 un-
orthodox location.

-2-
Case No. 7218
Order No. R-6656

(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:

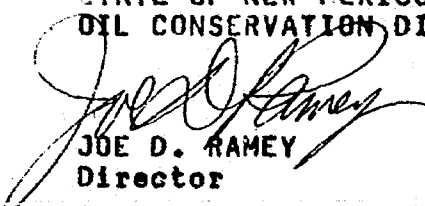
(1) That an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Federal "BQ" Well No. 7 to be located at a point 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.

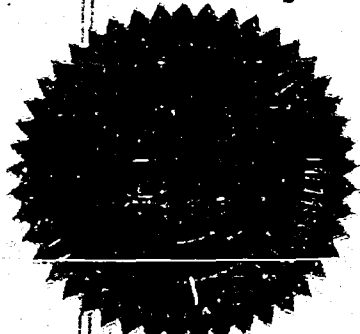
(2) That the N/2 of said Section 27 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

fd/

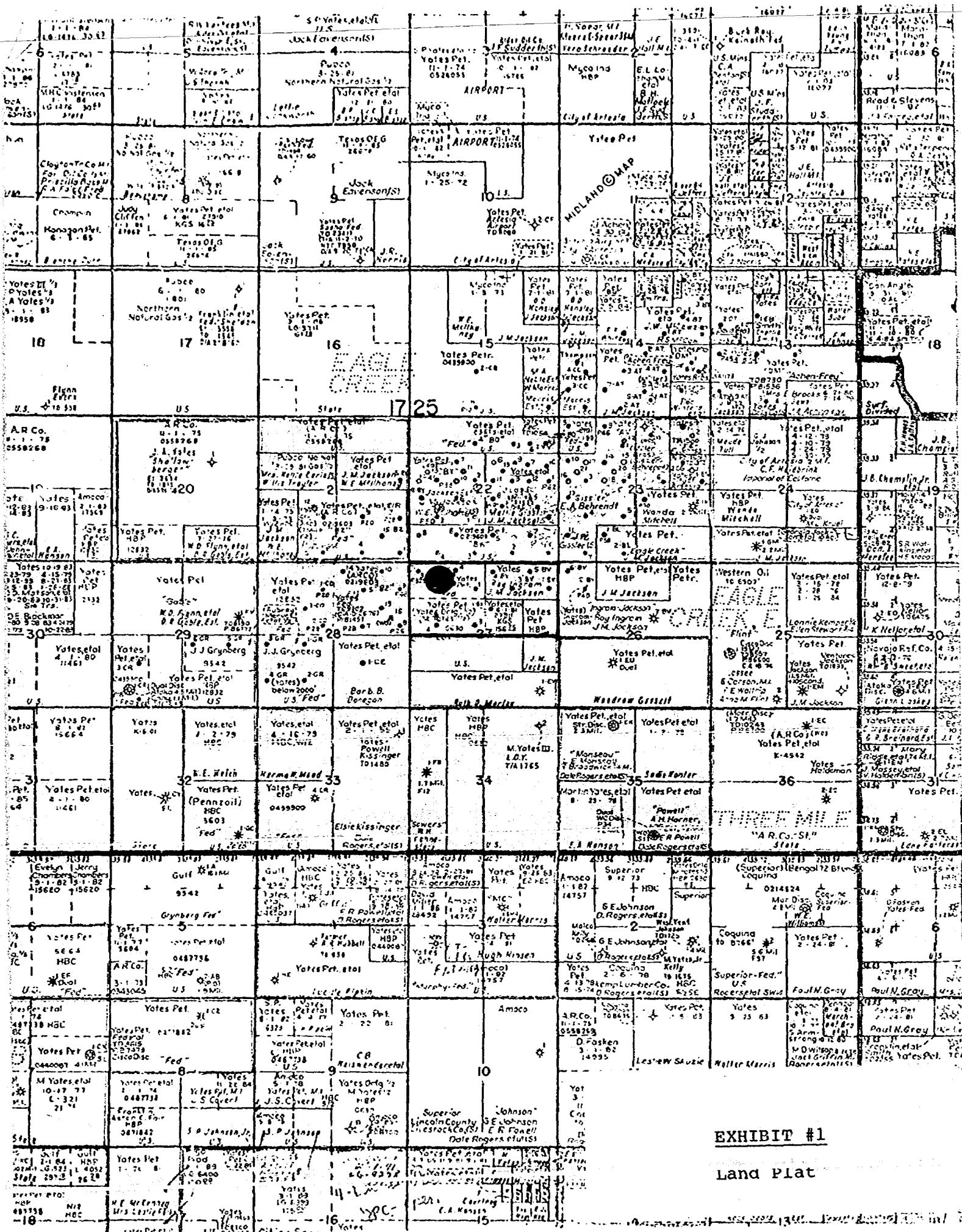
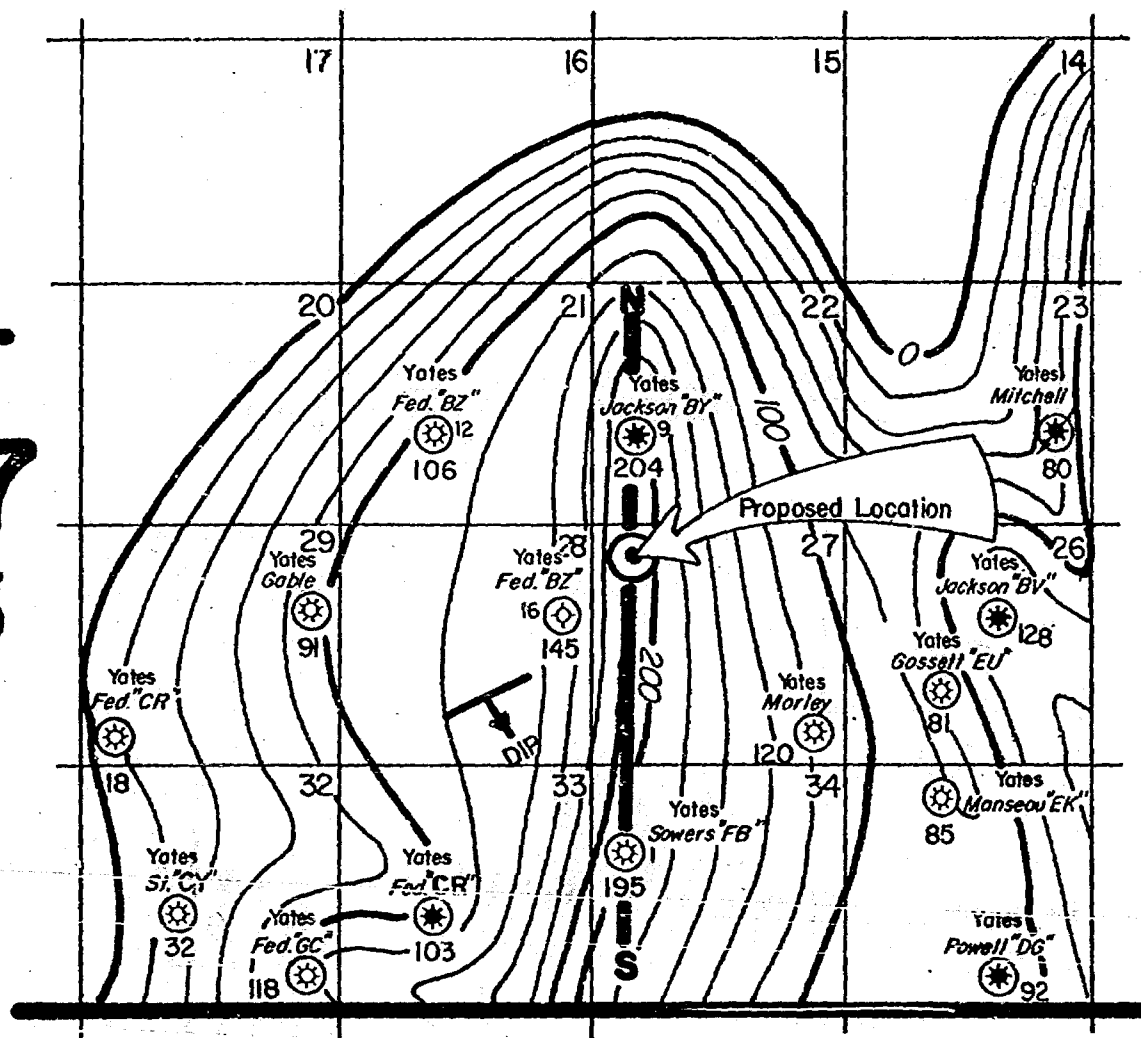


EXHIBIT #1
Land Plat

R-25-E

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LEGEND

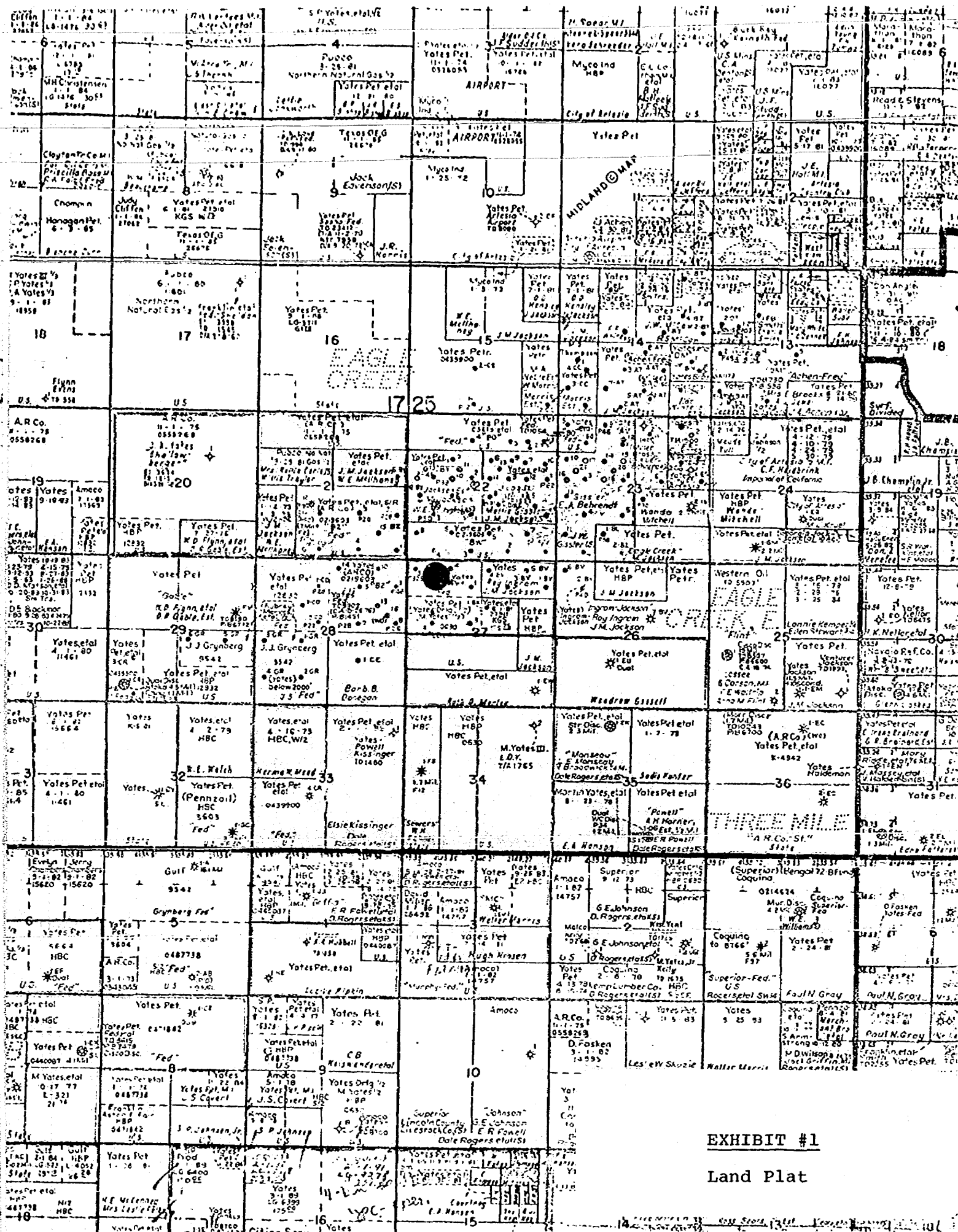
○ Morrow Penetration
195 --- Thickness of Morrow Clastics

* --- Morrow Gas Well

⊗ --- Completed in Zones Shallower Than Morrow
(mostly Permian-Penn.)

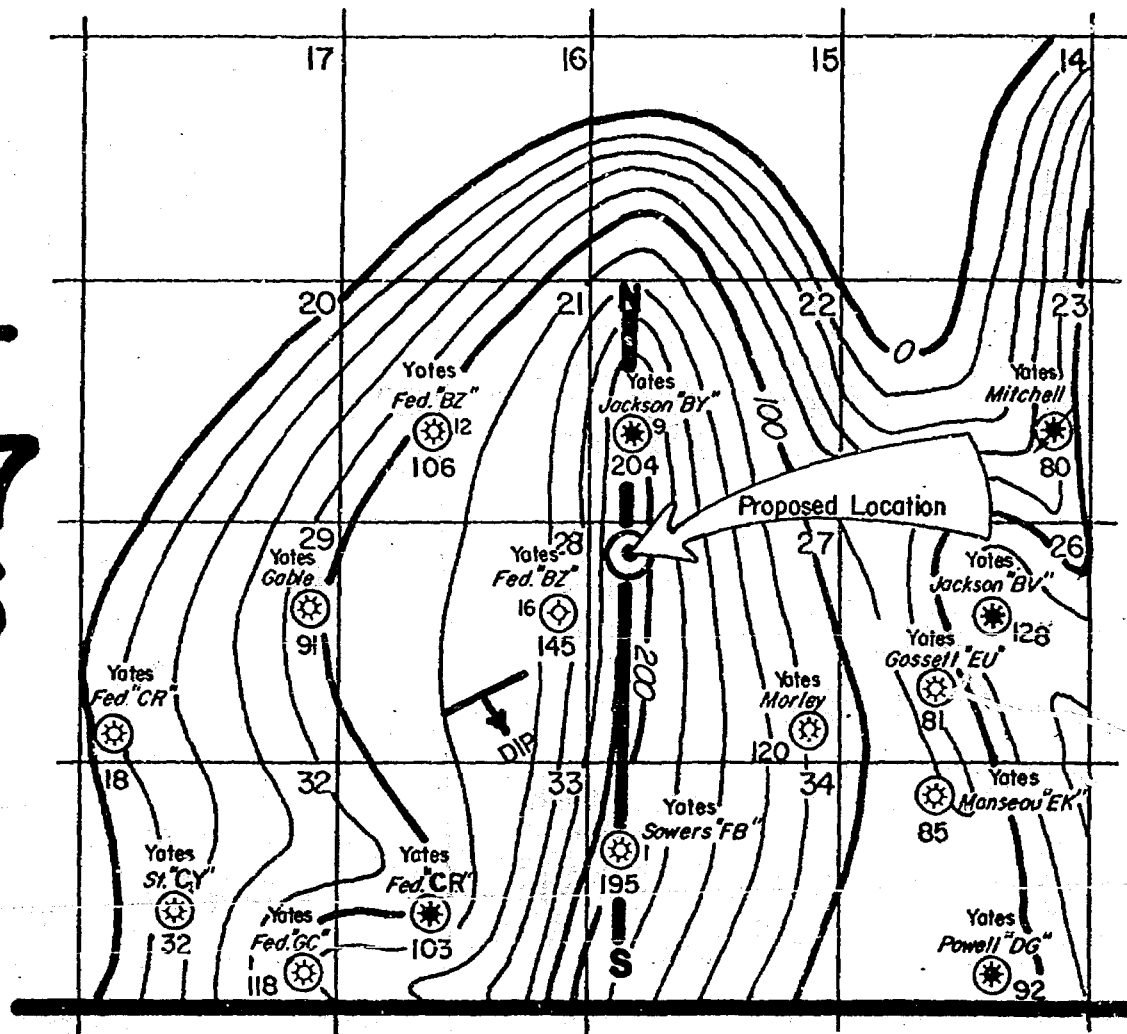
EXHIBIT #2

Isopach Map



R-25-E

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LEGEND

- ⊙ Morrow Penetration
- 195 --- Thickness of Morrow Clastics
- ★ --- Morrow Gas Well
- ⊗ --- Completed in Zones Shallower Than Morrow (Mostly Permian-Penn.)

EXHIBIT #2

Isopach Map

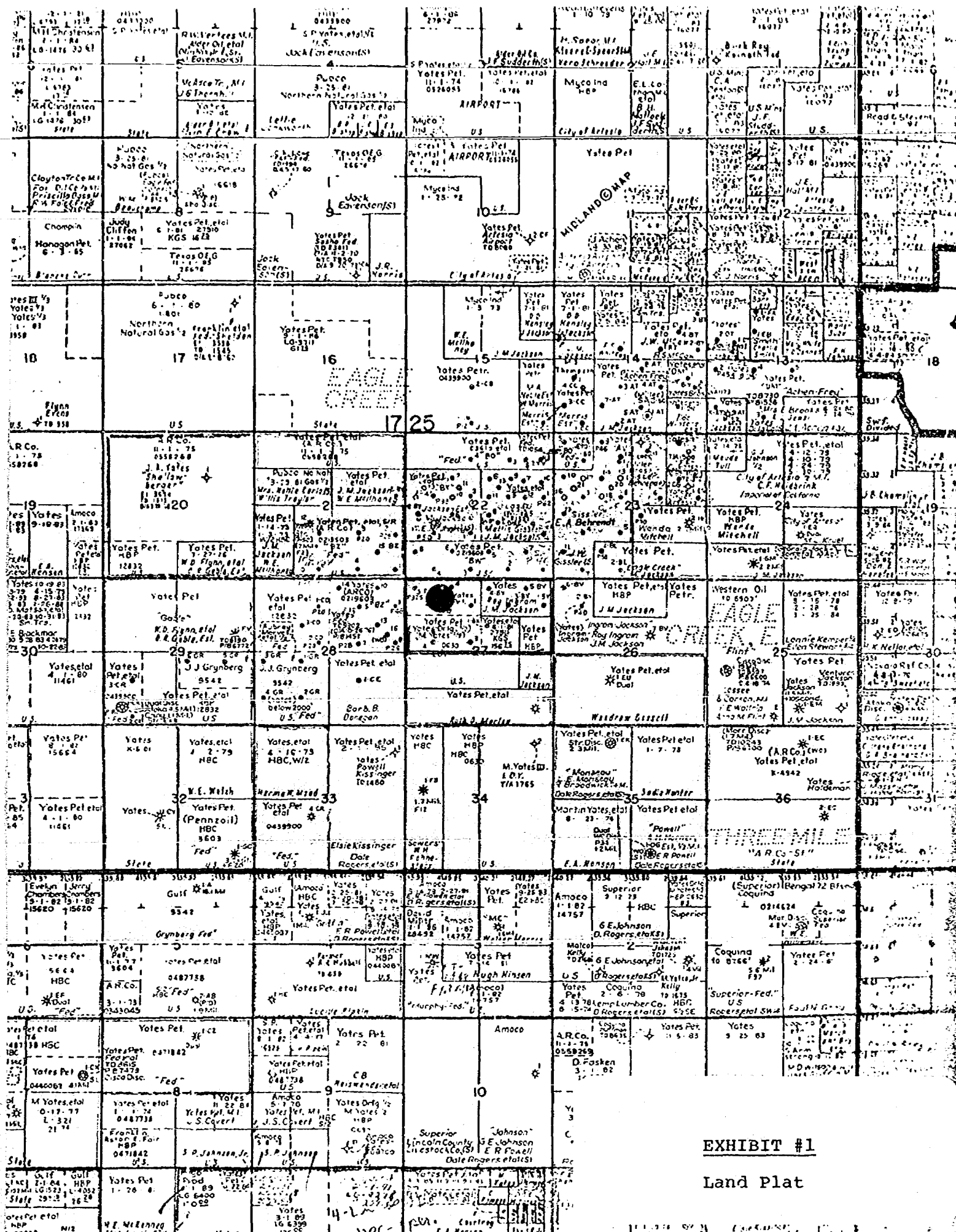
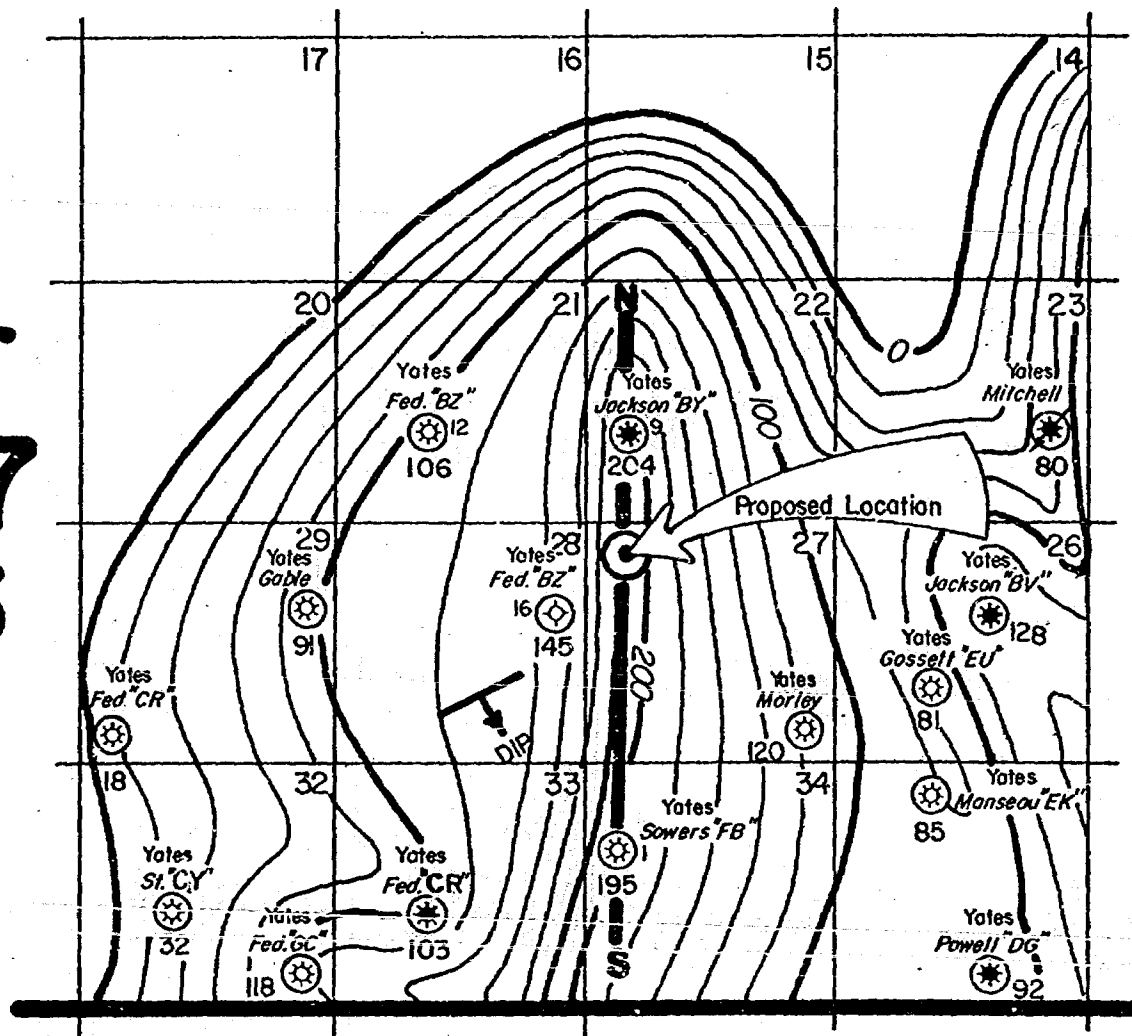


EXHIBIT #1

Land Plat

R-25-E

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LEGEND

⊙ Morrow Penetration
195 --- Thickness of Morrow Clastics

⊛ --- Morrow Gas Well

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(Mostly Permo-Penn.)

EXHIBIT #2

Isopach Map

Docket No. 12-81

Dockets Nos. 14-81 and 15-81 are tentatively set for April 22 and May 6, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 8, 1981

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 7086: (Continued from the January 14, 1981, Examiner Hearing)

Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7210: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Hat Mesa Unit Area, comprising 2197 acres, more or less, of State and Federal lands in Township 21 South, Range 33 East.

CASE 7211: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Rock Lake State Unit Area, comprising 2880 acres, more or less, of State land in Township 22 South, Range 35 East.

CASE 7212: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Poker Lake Unit Well No. 50 located in Unit C of Section 4, Township 25 South, Range 31 East, to produce gas from the Atoka and Wolfcamp formations through the tubing and casing-tubing annulus, respectively.

CASE 7213: Application of Exxon Company USA for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its J. L. Greenwood Well No. 13 located in Unit L of Section 9, Township 22 South, Range 37 East, to produce oil from the Brunson-Fusselman Pool through tubing and commingled Blinberry and Tubb production through the casing-tubing annulus.

CASE 7214: Application of Pioneer Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Basin-Dakota production in the wellbore of its Dustin Well No. 1E located in Unit J of Section 6, Township 29 North, Range 12 West.

CASE 7215: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Penn location of its Willow Lake Unit Well No. 4Y to be drilled 1980 feet from the South line and 660 feet from the West line of Section 14, Township 24 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.

CASE 7216: Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Chacon-Dakota production in the wellbore of its Jicarilla 396 Well No. 1 located in the NE/4 of Section 8, Township 23 North, Range 3 West.

CASE 7217: 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 Morrow location of its Travis Ohio State Com Well No. 1 to be drilled 660 feet from the South and West lines of Section 13, Township 18 South, Range 28 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7218: 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 Wolfcamp-Penn location of its Federal "BQ" Well No. 7 to be drilled 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, the N/2 of said Section 27 to be dedicated to the well.

CASE 7165: (Readvertised)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger, Strawn, McKee, and Devonian formations, Langley Field, underlying the N/2 of Section 33, Township 22 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 to 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.

A.J. LOSEE
JOEL M. CARSON
CHAD DICKERSON
DAVID R. VANDIVER

LAW OFFICES
LOSEE, CARSON & DICKERSON, P. A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210



March 12, 1981

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

Re: Yates Petroleum Corporation
Federal "BQ" No. 7 Well

Case 7218

Dear Mr. Ramey:

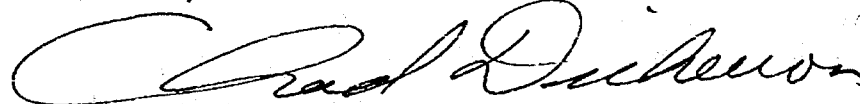
Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation For an Unorthodox Gas Well Location in Eddy County, New Mexico.

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

Thank you.

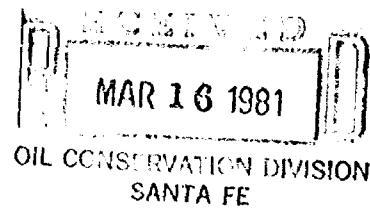
Sincerely yours,

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 : CASE NO. 7218
COUNTY, NEW MEXICO :
_____ :

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through the Morrow formations underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 27: N/2

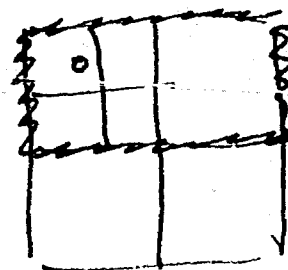
and proposes to drill its Federal "BQ" No. 7 Well at a point located 660 feet from the north line and 990 feet from the west line of Section 27.

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 Wolfcamp through the Morrow formations.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 27 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 Federal "BQ" No. 7 Well 660 feet from the north line and 990 feet from the west line of said Section 27, and to dedicate the N/2 of Section 27, which is reasonably presumed to be productive of gas from the Wolfcamp through the Morrow formations, to said well.

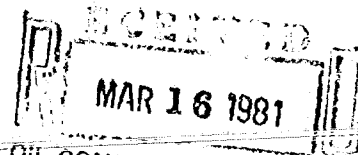
C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

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

Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION

SANTA FE

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. 7218

APPLICATION

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

1. Applicant is the operator of the Wolfcamp through the Morrow formations underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 27: N/2

and proposes to drill its Federal "BQ" No. 7 Well at a point located 660 feet from the north line and 990 feet from the west line of Section 27.

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 Wolfcamp through the Morrow formations.

3. A standard 320-acre gas proration unit comprising the N/2 of said Section 27 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 Federal "BQ" No. 7 Well 660 feet from the north line and 990 feet from the west line of said Section 27, and to dedicate the N/2 of Section 27, which is reasonably presumed to be productive of gas from the Wolfcamp through the Morrow formations, to said well.

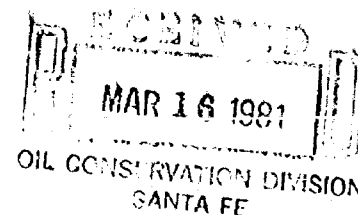
C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson
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. 7218

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Township 17 South, Range 25 East, N.M.P.M.

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3. A standard 320-acre gas proration unit comprising the N/2 of said Section 27 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 Federal "BQ" No. 7 Well 660 feet from the north line and 990 feet from the west line of said Section 27, and to dedicate the N/2 of Section 27, which is reasonably presumed to be productive of gas from the Wolfcamp through the Morrow formations, to said well.

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

YATES PETROLEUM CORPORATION

By: Chad Dickerson
Chad Dickerson

LOSEE, 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:

CASE NO. 7218

ORDER NO. R- 6656

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 April 8, 19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets. NOW, on this day of April, 19 81, 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, for its Federal "BQ" Well No. 7 to be drilled seeks approval of an unorthodox gas well location/ 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.

(3) That the N/2 of said Section 27 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.

Case No. _____

Order No. R- _____

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Wolfcamp^{and} Pennsylvanian the Yates Petroleum Corporation Federal "BQ" Well No. 7 formation, is hereby approved for ~~a well~~ to be located at a point 558 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East NMPM, POB, Eddy County, New Mexico.

(2) That the N/2 of said Section 27 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.

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

