CASE 7229: YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO.

7229

APPlication, Transcripts, Small Exhibits,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

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

7229

BEOFRE: 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 37501

For the Applicant:

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

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15	Applicant Exhibit One, Plat	5
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2		MR. NUTTER: Call Case Number 7229.
3		MR. PADILLA: Application of Yates
4	Petroleum Corporation	for an unorthodox gas well location,
5 .	Eddy County, New Mexi	co.
6		MR. DICKERSON: I am Chad Dickerson of
7	Artesia, New Mexico,	on behalf of the applicant, and we have
8	one witness.	
9		
10		(Witness sworn.)
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12		DON C. MOZYNSKI
i 3	being called as a wit	ness and being duly sworn upon his oath,
14	testified as follows,	to-wit:
15		
16	·	DIRECT EXAMINATION
l 7	BY MR. DICKERSON:	
8	Q	Will you state your name, your occupation
19	and where you reside?	
20	A.	Okay. My name is Don C. Mozynski. I
1	work for Holly Energy	in Dallas. I live in Dallas.
22	Q	And what Holly's connection with this
3	case, Mr. Mozynski?	
4	A.	Okay. Holly Energy and Yates Petroleum

are joint interest owners in a lease on which the proposed

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    well is to be drilled.
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                          So you're appearing on behalf of Yates
    Pet, the operator?
                          Yes, sir.
                          And what is your occupation?
                          Okay. I'm a petroleum geologist in
    New Mexico.
                          Have you testified before this Commission
10
    previously?
                          No, sir.
11
12
                          Would you briefly recount your educational
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    background for the Examiner, please?
14
                          Okay. I received a Bachelor's degree in
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    earth science from Case Western Reserve University in Cleveland
    in 1975. I have worked for two and a half years for Texaco,
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17
    Incorporated's New Mexico District, and three and a half years
    for Holly Energy's New Mexico District.
18
19
                          And as part of your responsibilities for
20
    Holly are you charged with overseeing its interest in the area
    of this application?
21
                          Yes, sir.
23
                          Tender Mr. Mozynski as an expert geologist,
   Mr. Examiner.
                          MR. NUTTER: Mr. Mozynski is qualified.
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5 2 How do you spell your last name, please? 3 M-O-Z-Y-N-S-K-I. MR. NUTTER: Thank you. 5 Mr. Mozynski, would you briefly describe 6 the purpose of this application? 7 Yes, isir, the purpose of this application 8 is to seek approval of an unorthodox gas well location covering the formations Wolfcamp through Pennsylvanian in this area. 10 And in connection with this application 11 have you prepared the exhibits on which you intend to rely? 12 Yes, sir. 13 Would you refer to Exhibit Number One, Q. 14 please, and describe what it shows? 15 Okay. Exhibit Number One is a land plat showing the acreage which is either owned by Yates Petroleum 17 and/or Holly Energy, and the proposed location 660 from the 18 south and east lines of Section 4, Township 17 South, Range 19 26 East. Would you turn to Exhibit Number Two and describe what it reflects? 22 Okay. Exhibit Number Two is an Isopach 23 of the total Morrow Clastics section. This exhibit illustrates 24 an alluvial valley trending northwest/southeast, and the proposed location is shown to be in the thickest part of the

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valley, where we would hope to encounter the maximum amount of channel sandstones.

Q Would you refer to Exhibit Number Three and describe what it shows?

A. Okay. Exhibit Number Three is a stratigraphic cross section A-A', as indicated on Exhibit Number Two.
This cross section illustrates a channel sandstone present in
the Yates Petroleum State "CK" No. 1, which is located to the
northwest of the proposed location.

As you can see, the channel alluvial valley has eroded into the underlying Chester siltstone sequence and by mapping this thickness, as on the Isopach map, we've arrived at a trend and hope we can pick up a similar channel sandstone at our proposed location.

Q In your opinion, Mr. Mozynski, would the approval of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, sir.

MR. DICKERSON: Mr. Examiner, we move admission of Exhibits One, Two, and Three.

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

MR. DICKERSON: Unless the Examiner has

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questions, that concludes our case. CROSS EXAMINATION BY MR. NUTTER: Would you explain your color codes on Exhibit Three, Mr. Mozynski? Okay. Color codes on Exhibit Three. Basically, sir, these color codes are to indicate - okay, 10 let's start at the top. The Green shale marker, okay, that is 11 a shale marker which I've been able to correlate in PLW 12 Morrow Field as a good stratigraphic marker. 13 The next blue below that is the Morrow 14 limestone which lies immediately above the Morrow Clastic 15 section. Now it is a bit variable but the underlying shale 16 is very correlative. 17 The brown indicates the Chester siltstone, limey siltstone sequence. 19 And the other line in blue indicates 20 the top of the Mississippian limestone where it has been 21 penetrated. Okay. Thank you. 23 MR. NUTTER: Are there any other ques-24 tions of the witness?

MR. DICKERSON: None.

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MR. NUTTER: He may be excused. Do you have anything further in this case, Mr. Dickerson? MR. DICKERSON: No, sir. MR. NUTTER: Does anyone have anything they wish to offer in Case 7229? 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.

Sarry W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2229 heard by me on 422 19.81.

Examiner

Oll Conservation Division

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 22 April 1981 EXAMINER HEARING 6 IN THE MATTER OF: Application of Yates Petroleum Cor-CASE poration for an unorthodox gas well) 7229 location, Eddy County, New Mexico. 8 9 BEOFRE: Daniel S. Nutter 10 11 TRANSCRIPT OF HEARING 12 13 APPEARANCES 14 15 Ernest L. Padilla, Esq. Legal Counsel to the Division 16 For the Oil Conservation State Land Office Bldg. Division: 17 Santa Fe, New Mexico 37501 18 19 Chad Dickerson, Esq. LOSEE, CARSON, & DICKERSON For the Applicant: 20 Artesia, New Mexico 21

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2 MR. NUTTER: Call Case Number 7229. 3 MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. MR. DICKERSON: I am Chad Dickerson of 7 Artesia, New Mexico, on behalf of the applicant, and we have one witness. 10 (Witness sworn.) 11 12 DON C. MOZYNSKI 13 being called as a witness and being duly sworn upon his oath, 14 testified as follows, to-wit: 16 DIRECT EXAMINATION 17 BY MR. DICKERSON: 18 Will you state your name, your occupation, 19 and where you reside? 20 Okay. My name is Don C. Mozynski, I 21 work for Holly Energy in Dallas. I live in Dallas. 22 And what Holly's connection with this 23 case, Mr. Mozynski? 24 Okay. Holly Energy and Yates Petroleum

are joint interest owners in a lease on which the proposed

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                           So you're appearing on behalf of Yates
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                          And as part of your responsibilities for
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   Holly are you charged with overseeing its interest in the area
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    of this application?
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24
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low do you spell your last name, please?

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MR. NUTTER: Thank you.

Mr. Mozynski, would you briefly describe Q. the purpose of this application?

Yes, sir, the purpose of this application is to seek approval of an unorthodox gas well location covering the formations Wolfcamp through Pennsylvanian in this area.

And in connection with this application have you prepared the exhibits on which you intend to rely?

Yes, sir.

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A. Yes, sir.

MR. DICKERSON: Mr. Examiner, we move admission of Exhibits One, Two, and Three.

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

MR. DICKERSON: Unless the Examiner has

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4		CROSS EXAMINATION
5	BY	MR. NUTTER:
6		MR. NUTTER: Q Would you explain your color codes on
7	1.	nibit Three, Mr. Mozynski?
	ı	Okay Color Codes on Line
8		okay,
9	Ba	sically, sir, these color codes the start at the top. The Green shale marker, okay, that is to sorrelate in PLW
10	16	et's start at the top. The Gloss
11	a	shale marker which I've been able to correlate in PLW
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1	1	The next blue below
		limestone which lies immediately above the Morrow Clastic
1	4	section. Now it is a bit variable but the underlying shale
1		
	16	is very correlative. The brown indicates the Chester silt-
	17	The brown indicates div
	18	stone, limey siltstone sequence.
	19	and the other line in
		the top of the Mississippian limestone where it has been
	20	
	21	penetrated. Okay. Thank you.
	22	Q other ques
	23	MR. NUTTER: Are there any
	24	tions?of the witness?
		Clone. None.

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MR. DICKERSON: None.

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                           MR. NUTTER: He may be excused.
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                           Do you have anything further in this
    case, Mr. Dickerson?
                           MR. DICKERSON: No, sir.
                           MR. NUTTER: Does anyone have anything
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    they wish to offer in Case 7229?
                           We'll take the case under advisement.
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                           (Hearing concluded.)
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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

Sally le. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7225. heard by me on Examiner

Oil Conservation Division

SALLY W. BOYI), C.S.R. Rt. 1 Box 193-B
Santa Fe, New Mexico 87301
Phone (303) 455-7409



STATE OF NEW MEXICO ENERGY AND MINERAL'S DEPARTMENT OIL CONSERVATION DIVISION

May 1, 1981

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

Mr. Chad Dickerson Losee, Carson & Dickerson Attorneys at Law	Re: CASE NO. 7229 ORDER NO. R-6671
Post Office Drawer 239 Artesia, New Mexico 88210	Applicant:
Dear Sir:	Y ates Petroleum Corporation
Dear Bir:	
	copies of the above-referenced tered in the subject case.
Yours very truly,	
JOE D. RAMEY Director	
The State of \$22.	
JDR/fd	
Copy of order also sent to	*
Hobbs OCD X Artesia OCD X Aztec OCD X	
Other	

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE CIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7229 Order No. R-6671

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 22, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th 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 bremises.

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 Sharp "QS" Com. Well No. 1 to be drilled 660 feet from the South line and 660 feet from the East line of Section 4, Township 17 South, Range 26 East, NMPM, to test the Pennsylvanian formation, POW Field, Eddy County, New Mexico.
- (3) That the S/2 of said Section 4 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-Case No. 7229 Drder No. R-6671

(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 porrelative rights.

IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for the Yates Petroleum Corporation Sharp "QS" Com. Well No. 1 to be located at a point 660 feet from the South line and 660 feet from the East line of Section 4, Township 17 South, Range 26 East, NMPM, POW Field, Eddy County, New Mexico.
- (2) That the S/2 of said Section 4 shall be dedicated to the above-described well.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the 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

SEAL

Dockets Nos. 15-81 and 16-81 are tentatively set for May 6 and 20, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 22, 1981

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 7220: Application of McClellan Oil Corporation for a unit agreement, Chaves County, New Mexico.

 Applicant; in the above-styled cause, seeks approval for the Connor Unit Area, comprising 5,120 acres, more or less, of State and Federal lands in Township 13 South, Range 29 East.
- CASE 7221: Application of Maddox Energy Corporation for a unit agreement, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Flower Draw Unit Area, comprising 3,760 acres, more or less, of State lands in Townships 25 and 26 South, Range 28 East.
- CASE 7222: Application of GMW Oil Company for a unit agreement, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Starman Unit Area, comprising 2,803 acres, more or less, of State, Federal, and fee lands in Township 26 South, Range 35 East.
- CASE 7211: (Continued from April 8, 1981, Examiner Hearing)

 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 2,880 acres, more or less, of State land in Township 22 South, Range 35 East.
- CASE 7223: Application of Sun Oil Company for a dual completion and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of a well to be drilled in Unit M of Section 1, Township 22 South, Range 37 East, to produce oil from the Wantz-Granite Wash Pool and gas from the Tubb formation and to simultaneously dedicate the SW/4 of said Section 1 to said well and to its Lynch Christmas Com Well No. 4 in Unit L.
- CASE 7224: Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations underlying the SW/4 of Section 2, Township 29 North, Range 15 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7225: Application of Knox Industries, Inc. for an unorthodox gas well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox Morrow location of its Maddox Well No. 1 to be drilled 1980 feet from the South line and 660 feet from the West line of Section 12, Township 23 South, Range 34 East, Northeast Antelope Ridge Field, the S/2 of said Section 12 to be dedicated to the well.
- CASE 7226: Application of Enserch Exploration, Inc. for salt water disposal, Roosevelt County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Montoya formation in the interval from 7902 feet to 7930 feet in its Rader Well No. 2 in Unit E of Section 32, Township 5 South, Range 33 East.
- CASE 7227: Application of Alpha Twenty-One Production Company for an unorthodox gas well location and a nonstandard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval
 of a 120-acre non-standard proration unit comprising the E/2 SW/4 and SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Hare-San Andres Gas Pool, to be dedicated to its Lansford Well No. 1 at
 an unorthodox location 660 feet from the South line and 1650 feet from the West line of said Section
 21.
- CASE 7228: Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Pennsylvanian location of its Rio Penasco "KD" Well No. 3 to be drilled 990 feet from the North line and 660 feet from the East line of Section 11, Township 19 South, Range 25 East, the N/2 of said Section 11 to be dedicated to said well and to applicant's Rio Penasco "MF" Federal Well No. 1 located in Unit F.

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- CASE 7229: 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 Morrow-Pennsylvanian location of its Sharp "QS" Com. Well No. 1 to be drilled 660 feet from the South and East lines of Section 4, Township 17 South, Range 26 East, the S/2 of said Section 4 to be dedicated to the well.
- CASE 7184: (Continued from March 11, 1981, Examiner Hearing)

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 Morrow formation underlying the E/2 of Section 13, Township 17 South, Range 28 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- CASE 7230: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico.
 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde
 and Gallup formations underlying the S/2 SW/4 of Section 7, Township 29 North, Range 14 West, 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, designation of applicant as operator of the well, and a
 charge for risk involved in drilling said well.
- CASE 7231: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Gallup formations underlying the S/2 SE/4 of Section 11, Township 29 North, Range 15 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7232: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Gallup formations underlying the E/2 SW/4 of Section 12, Township 29 North, Range 15 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7233: Application of Bass Enterprises Production Co. for directional drilling, Lea County, New Mexico.

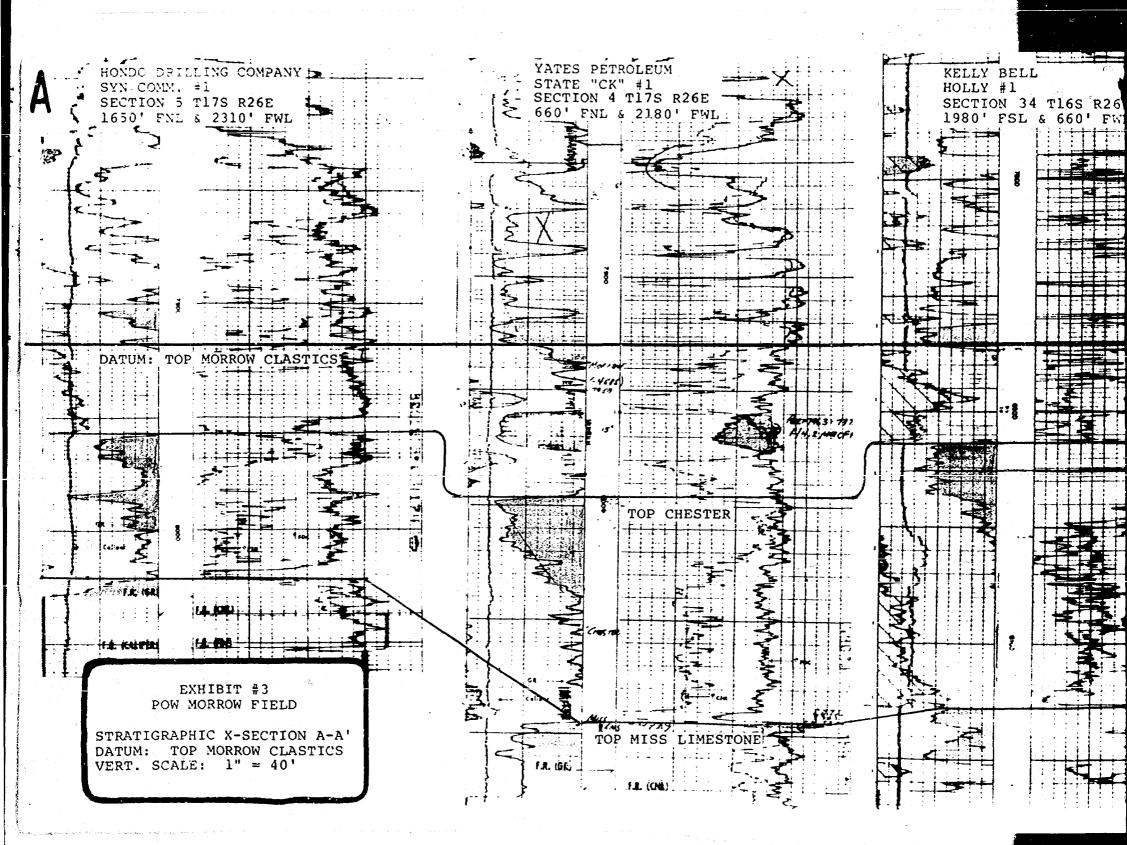
 Applicant, in the above-styled cause, seeks authority to directionally drill its Montieth Well No. 3, the surface location of which is 2130 feet from the South line and 1980 feet from the East line of Section 13, Township 16 South, Range 36 East, Northeast Lovington-Pennsylvanian Pool, and drill said well in an easterly direction to bottom it not closer than 510 feet to the outer boundary of the dedicated unit, being the N/2 SE/4 of said Section 13.
- Application of Getty Oil Company for a dual completion, Rio Arriba County, New Mexico.

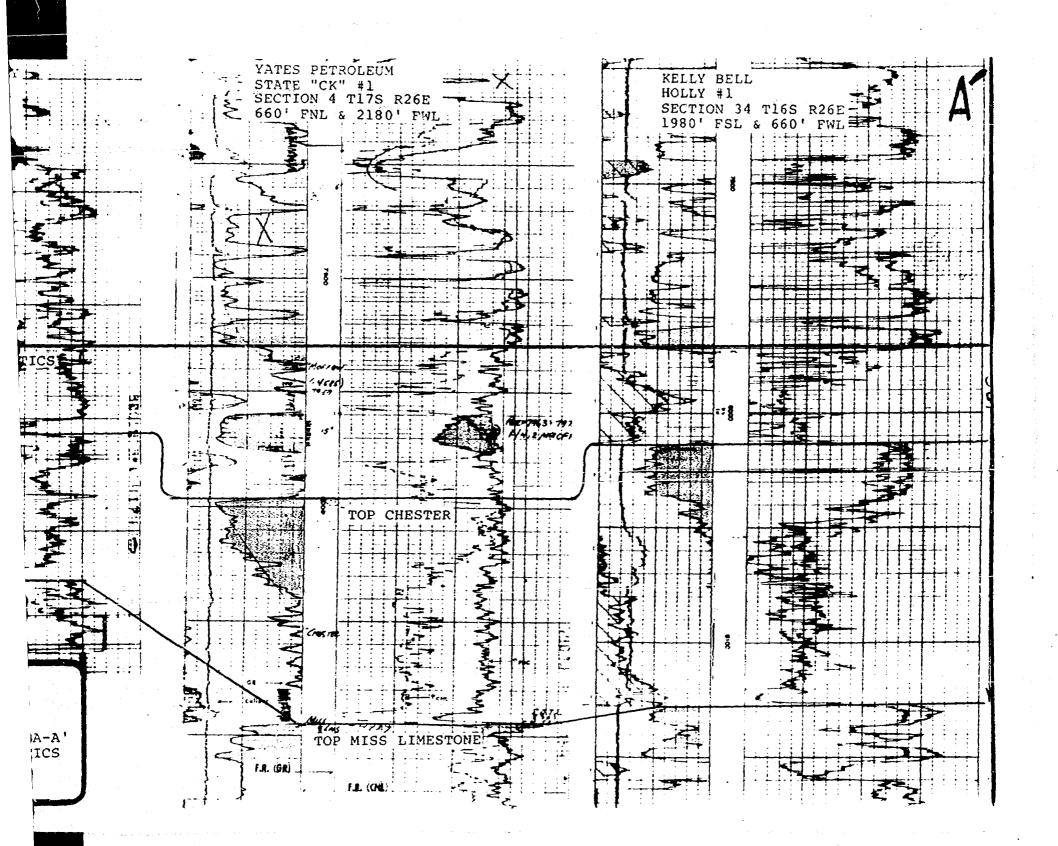
 Applicant, in the above-styled cause, seeks approval for the dual completion of its Farming E Well

 No. 1-E located in Unit I of Section 2, Township 24 North, Range 6 West, to produce oil from the

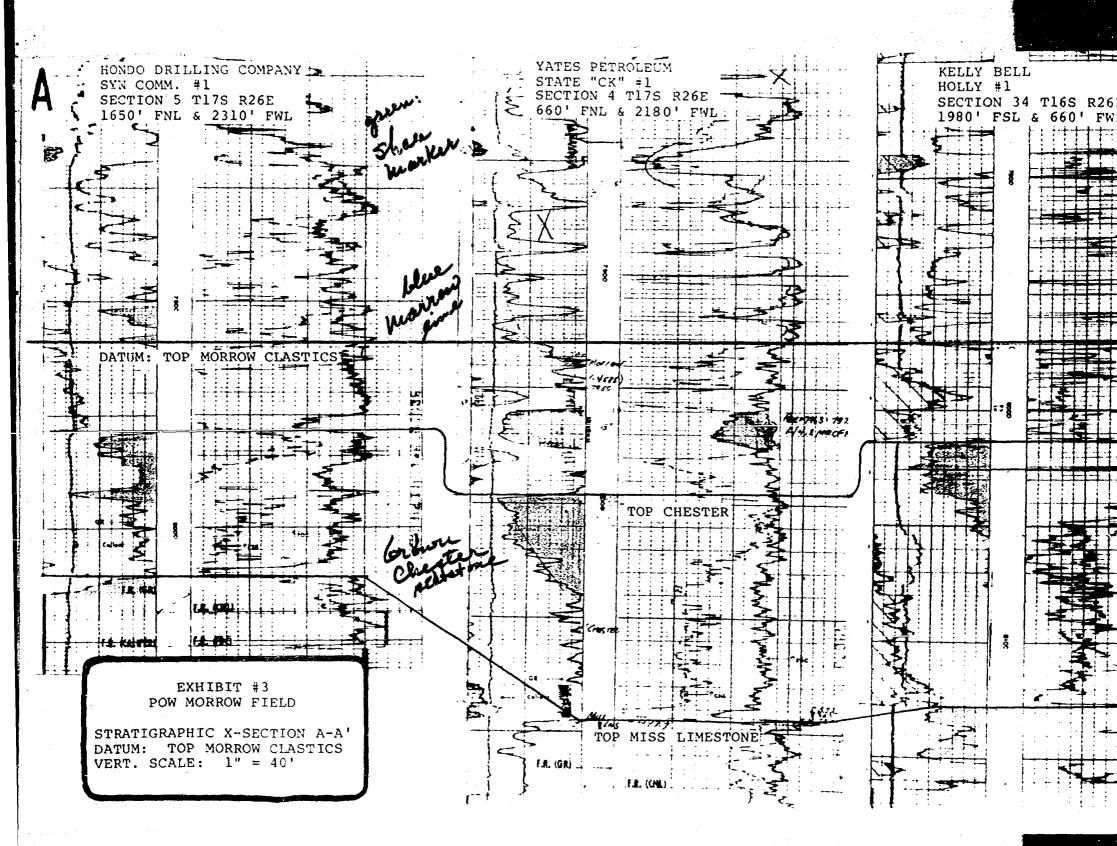
 Gallup formation thru the casing-tubing annulus and gas from the Dakota formation thru tubing.

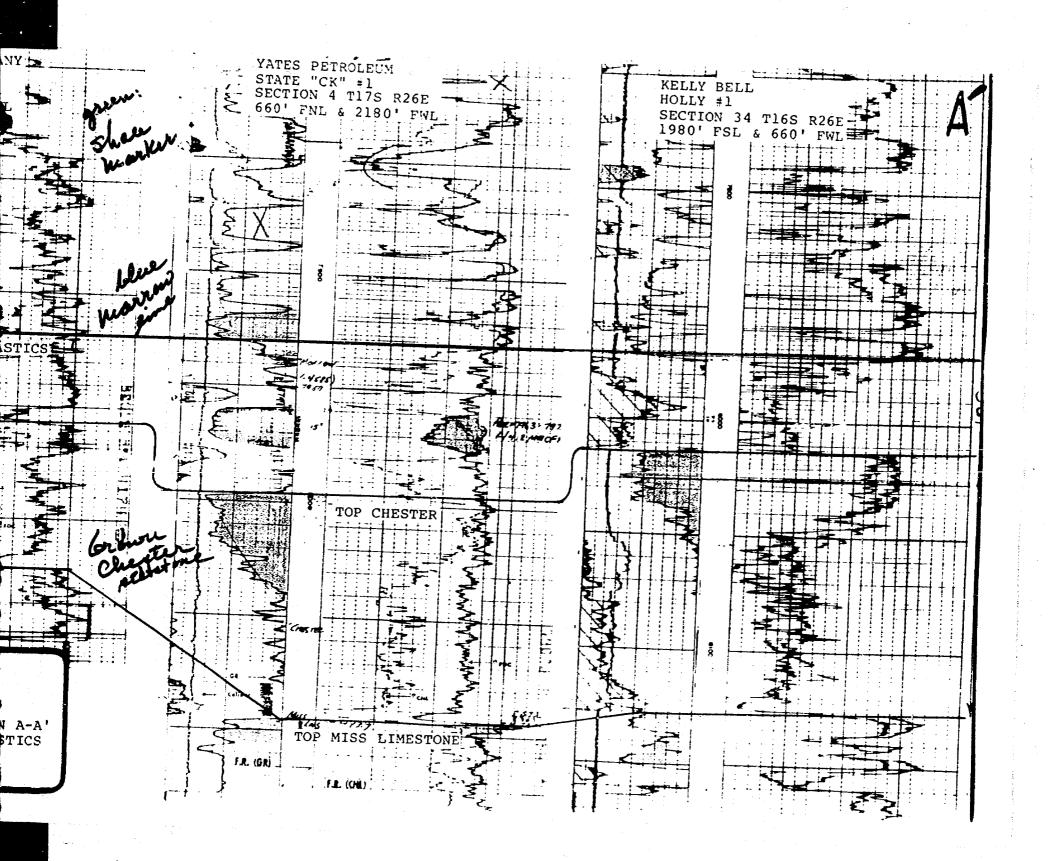
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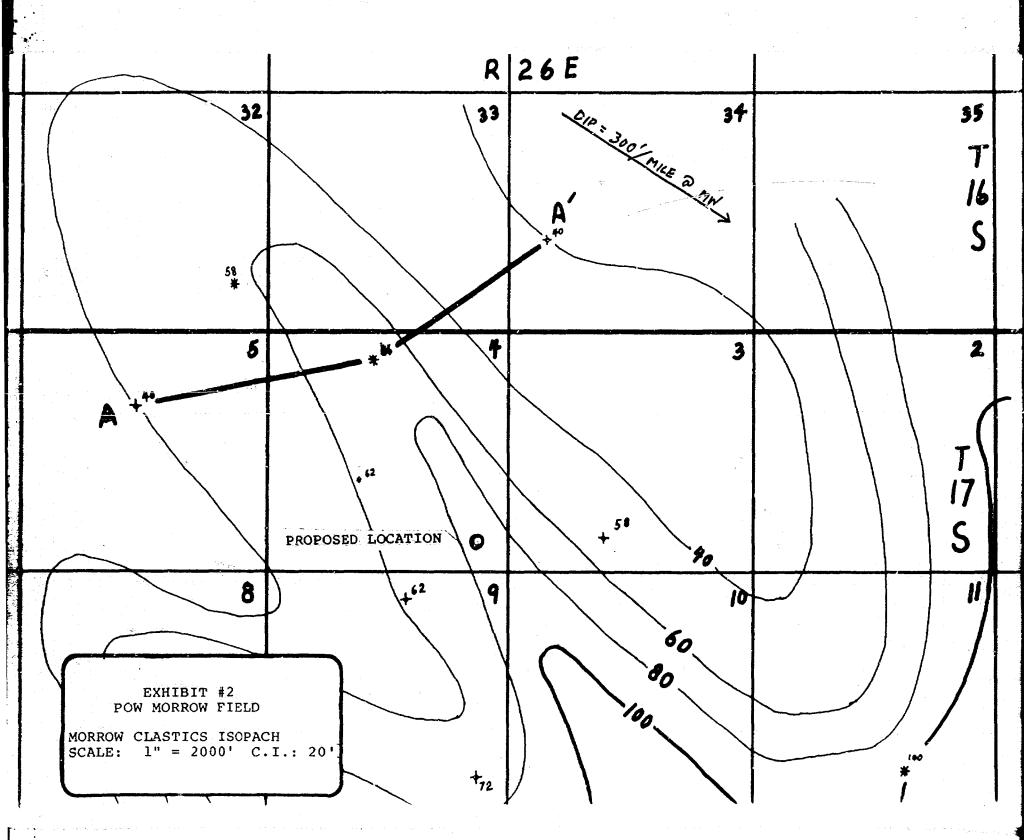


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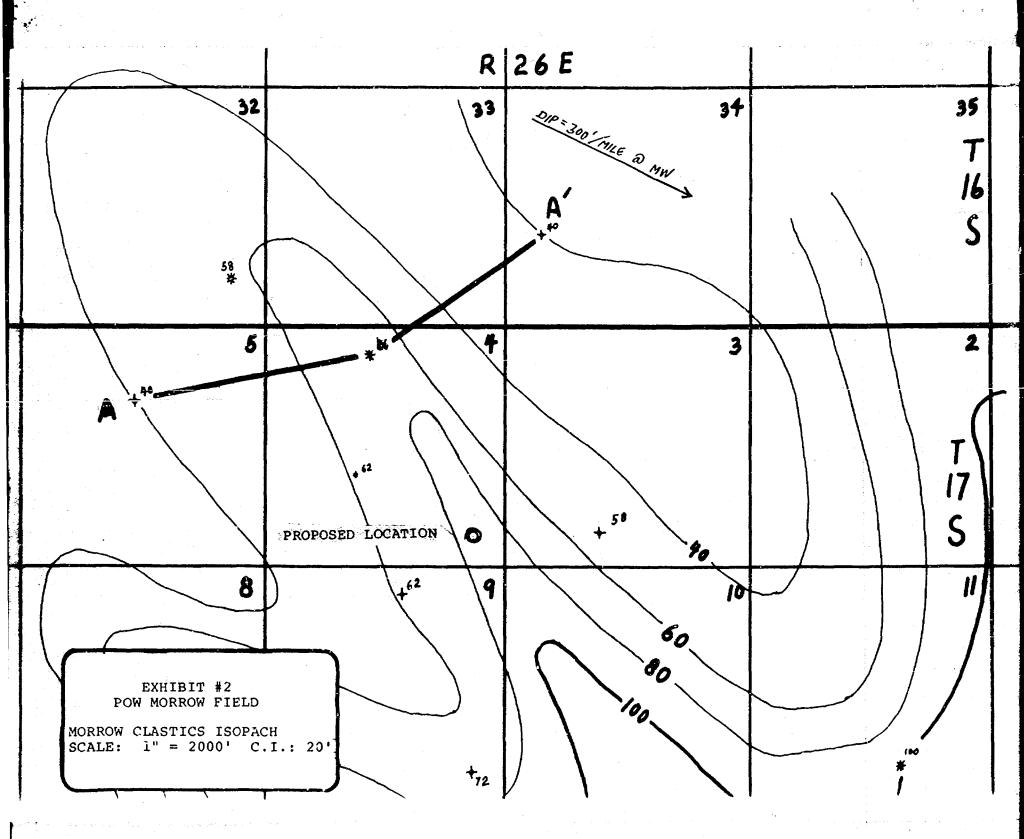


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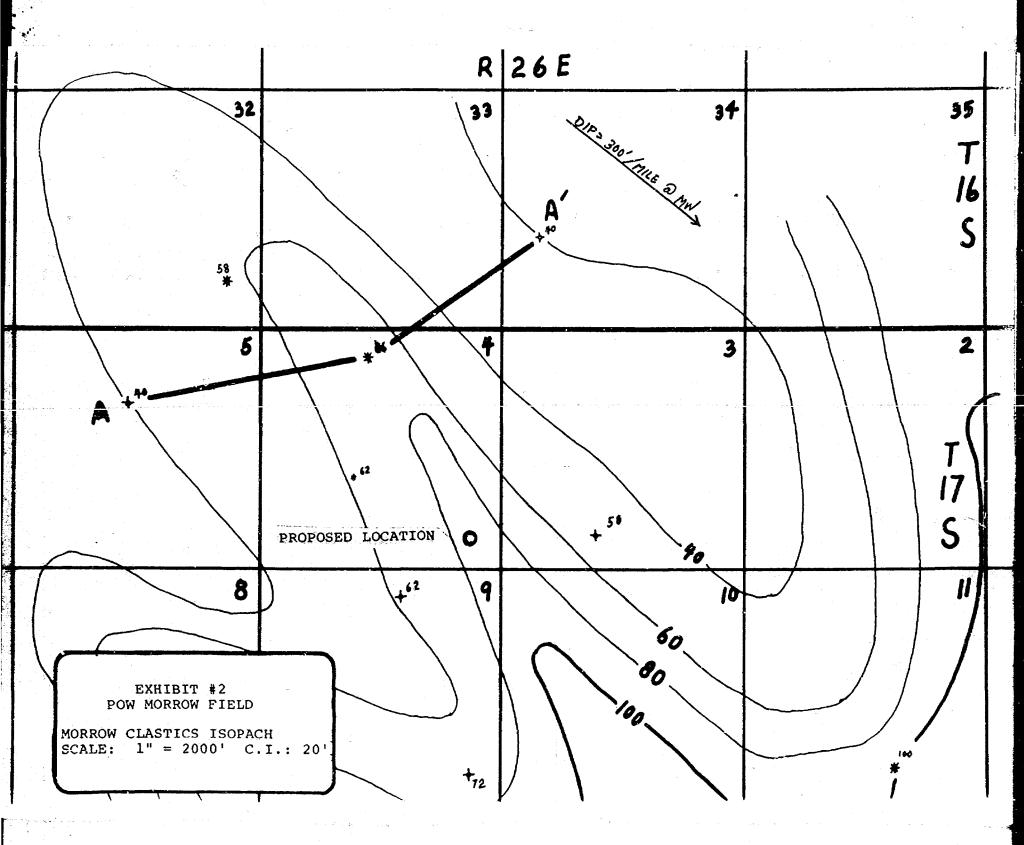
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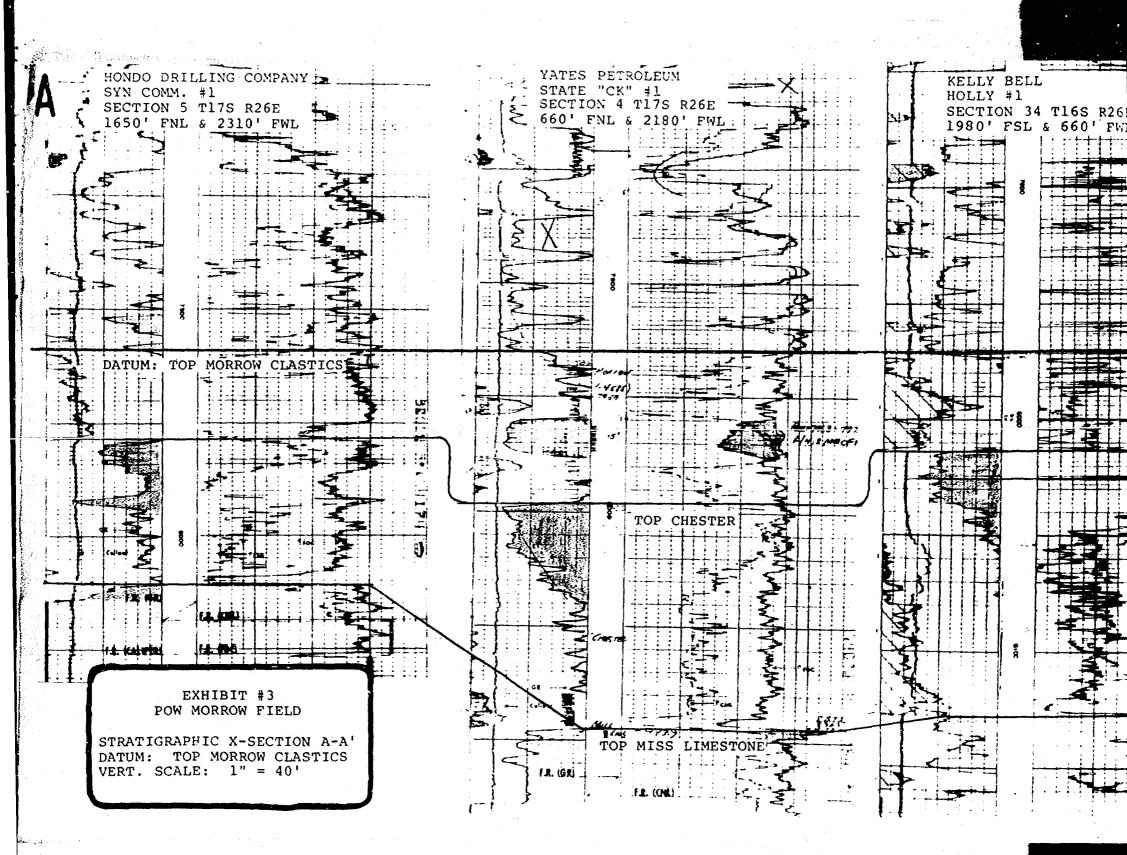
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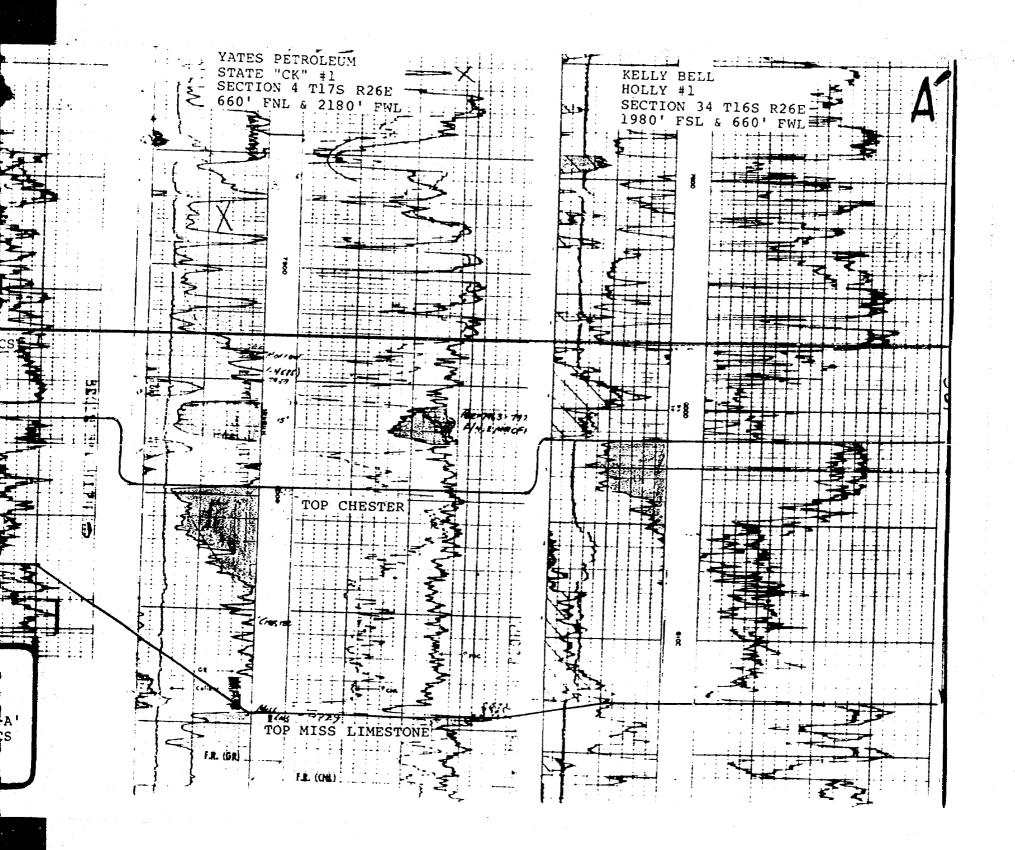


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Case 7229

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LAW OFFICES

LOSEE, CARSON & DICKERSON, R A. OIL CONSTRUCTION DIVISION

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

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

March 27, 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 Sharp "QS" Com. No. 1 Well

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. Dukenon

Chad Dickerson

CD:pvm Enclosures

cc w/attachment: Yates Petroleum Corporation

OIL COME RIVAL NOW SANTA FE

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

APPLICATION

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

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

Township 17 South, Range 26 East, N.M.P.M.

Section 4: S/2

and proposes to drill its Sharp "QS" Com. No. 1 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 4.

- 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 through the Pennsylvanian formations.
- 3. A standard 320-acre gas proration unit comprising the S/2 of said Section 4 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 Sharp "QS" Com. No. 1 Well 660 feet from the south line and 660 feet from the east line of said Section 4, and to dedicate the S/2 of Section 4, which is reasonably presumed to be productive of gas, to said well.
- C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Ask Myseum
Chad Dickerson

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

Attorneys for Applicant



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OF THE STATE OF NEW MEXICO

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Ry 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

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YATES PETROLEUM CORPORATION

By: Chad Dickerson

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

Attorneys for Applicant

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7229
ORDER NO. R- (a(a))
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 22
19 81 , at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.
NOW, on this 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 , for its Sharp "QS" Com. Well No. 1 to be drilled seeks approval of an unorthodox gas well location/ 660
feet from the South line and 660 feet from the
East line of Section 4 , Township 17 South
Range 26 East , NMPM, to test the Merron Pennsylvanian
formation! POW Company Fired, Eddy
County, New Mexico.
(3) That the $\frac{5/2}{}$ of said Section $\frac{4}{}$ is to be
dedicated to the well.
(4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.
(5) That no offset operator objected to the proposed unorthod
location.

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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 Horses Pennsylvar the Yates Petroleum Corporation Sharp "QS" Com. Well No. 1 formation is hereby approved for axweek to be located at a point 660	ni -
reet from the South line and 660 feet from the East	-
Time of Section 4, Township 17 South	
NMPM, POW County, Field Well, Eddy County, New Mexico.	

- (2) That the $\frac{S/2}{}$ of said Section $\frac{4}{}$ shall be dedicated to the above-described well.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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