

MARTIN YATES III
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FRANK W. YATES
1936-1986
OIL CONSERVATION DIVISION
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105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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TREASURER

October 10, 1995

10981

TO: Interest Owners in the Pecos Slope-Abo Gas Pool Area

Gentlemen:

Yates Petroleum Corporation hereby notifies you that it has filed an application at the New Mexico Oil Conservation Division seeking the adoption of Special Pool Rules and Regulations for the Pecos Slope-Abo Pool including provisions authorizing the drilling of an optional additional well on each spacing and proration unit, and other provisions necessary to implement infill drilling in this pool. The Pecos Slope-Abo Gas Pool currently comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.

This case has been set for hearing before a Division Examiner on November 2, 1995 in the City Council Chambers on the Second Floor of the Roswell City Hall, 425 North Richardson Street, Roswell, New Mexico 88201.

At the November 2, 1995 Examiner Hearing, Yates will also review the geologic and engineering data acquired from its Pilot Infill Drilling Program in the portions of the Pecos Slope-Abo Gas Pool which it has operated pursuant to Division Order Nos. R-9976 and R-9976-A entered in Case Nos. 10793, 10981 and 11004.

You are not required to attend this hearing, but as the owner of an interest which may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record could preclude you from challenging the matter at a later date.

Parties appearing in cases before the Division have been requested to file a Prehearing Statement substantially in the form prescribed by the Oil Conservation Division Memorandum 2-90. Prehearing Statements should be filed by 4:00 p.m. on the Friday before a scheduled hearing.

Very truly yours,

YATES PETROLEUM CORPORATION

Mecca Mauritsen

Mecca Mauritsen
Landman

CASE 11446: Application of Arch Petroleum Inc. for amendment of Division Order No. R-10453 authorizing a location change of a certain unorthodox oil well location, Lea County, New Mexico. Applicant seeks to amend Division Order No. R-10453, which authorized applicant to drill seven unorthodox oil well locations in Sections 21, 22, and 28, Township 23 South, Range 37 East, Teague-Blinbry Pool, by changing the location approved by said order of its C.E. Lamunyon Well No. 56 to a location 1300 feet from the North line and 1450 feet from the East line (Unit B) of said Section 28. Said well is located approximately 10 miles south of Eunice, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11434: (Continued from December 21, 1995, Examiner Hearing.)

Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, Township 31 North, Range 9 West, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc's proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line (Unit J) of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, and the allocation of the costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

CASE 11280: (Reopened)

In the matter of Case No. 11280 being reopened pursuant to the provisions of Division Order No. R-10389, which order created the South Black River-Delaware Pool in Eddy County, New Mexico, and promulgated temporary special pool rules therefor. Operators in the subject pool may appear and present geologic and engineering evidence and testimony relative to the promulgation of permanent rules and regulations. Said pool is located approximately 6 miles east of Whites City, New Mexico.

CASE 11447: Application of Enserch Exploration, Inc. to amend special pool rules for the South Black River-Delaware Pool, Eddy County, New Mexico. Applicant seeks to amend Division Order No. R-10389, which promulgated temporary special pool rules for the South Black River-Delaware Pool, to amend such special pool rules to provide for a limiting gas-oil ratio of 20,000 cubic feet of gas for each barrel of oil produced, an increase from the current limiting gas-oil ratio of 10,000 to 1. Said pool is located approximately 6 miles east of Whites City, New Mexico.

CASE 11421: (Continued from November 2, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for the promulgation of special rules and regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the currently unprorated South Pecos Slope-Abo Gas Pool, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the South Pecos Slope-Abo Gas Pool comprises approximately 73,440 acres in portions of Townships 8, 9, 10, and 11 South, Ranges 24, 25, 26, and 27 East.

CASE 11422: (Continued from November 2, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for the promulgation of special rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the currently unprorated West Pecos Slope-Abo Gas Pool, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the West Pecos Slope-Abo Gas Pool comprises approximately 92,480 acres in portions of Townships 5, 6, 7, 8, and 9 South, Ranges 21, 22, and 23 East.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 11, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 3-96 and 4-96 are tentatively set for January 25, 1996 and February 8, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11435: (Continued from December 21, 1995, Examiner Hearing.)

Application of Shell Western E&P Inc. To amend Division Administrative Order DHC-1149, Lea County, New Mexico. Applicant seeks to amend Division Order DHC-1149 to allow commingled oil production from the Vacuum-Wolfcamp and Vacuum-Middle Pennsylvanian Pools not to exceed 250 barrels/day from the State "A" Well No. 10, located in Unit A of Section 31, Township 17 South, Range 35 East. Said well is located approximately 1 mile southeast of Buckeye, New Mexico.

CASE 11442: **Application of Arco Permian, a unit of Atlantic Richfield, for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the E/2 of Section 32, Township 17 South, Range 28 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to its Dancer 32 State Com Well No. 1 to be drilled at an unorthodox location 1728 feet from the North line and 916 feet from the East line (Unit H) of said Section 32. 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. Said area is located approximately 11 miles east-southeast of Artesia, New Mexico.

CASE 11443: **Application of ARCO Permian, a unit of Atlantic Richfield, for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the W/2 of Section 36, Township 17 South, Range 28 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to its Dorothy 36 State Com Well No. 1 to be drilled at an unorthodox location 1163 feet from the South line and 1647 feet from the West line (Unit N) of said Section 36. 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. Said area is located approximately 15 miles east-southeast of Artesia, New Mexico

CASE 11444: **Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Morton Exploratory Unit Area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5, and 6, Township 15 South, Range 35 East. Said unit area is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11445: **Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Papatotes Exploratory Unit Agreement containing 2,583.6 acres, more or less, of State and Fee lands comprising all of Sections 26, 34 and 35, Township 14 South, Range 34 East and Section 2, Township 15 South, Range 34 East. Said unit area is located approximately 9 miles west of Hillburn City, New Mexico.

CASE 11339: (Continued from December 21, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 10748: (Reopened)

In the matter of Case No. 10748 being reopened pursuant to the provisions of Division Order No. R-9922-B, which order continued Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, in full force and effect until January, 1996. Operators in the subject pool may appear and show cause why the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.