

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 11668
Order No. R-10732**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR TEN UNORTHODOX
GAS WELL LOCATIONS, PECOS SLOPE-
ABO GAS POOL, CHAVES COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 19, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of January, 1997, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks approval to drill the following described ten wells at unorthodox gas well locations within the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, and seeks to dedicate each of the subject wells to an existing standard 160-acre gas spacing and proration unit:

<u>WELL NAME</u>	<u>WELL LOCATION</u>	<u>SPACING UNIT</u>
Hansel "ANH" Federal No. 1	2110' FNL & 940' FEL (Unit H) 7-6S-26E	NE/4
Leeman "OC" Federal No. 5	2310' FSL & 2310' FEL (Unit J) 18-7S-26E	SE/4
Thomas "LN" Federal No. 9	2310' FSL & 1300' FWL (Unit L) 10-6S-25E	SW/4
Skinny "QO" State No. 8	660' FSL & 2310' FWL (Unit N) 16-6S-25E	SW/4
Snell "QZ" No. 2	2310' FNL & 2310' FWL (Unit F) 31-6S-25E	NW/4
Powers "OL" Fed. Com No. 11	385' FNL & 1680' FEL (Unit B) 33-6S-25E	NE/4
Teckla "MD" Federal No. 9	330' FSL & 2200' FEL (Unit O) 13-6S-25E	SE/4
Sacra "SA" No. 12	2310' FSL & 1300' FEL (Unit I) 23-6S-25E	SE/4
Red Rock "NB" Federal No. 7	2310' FSL & 1300' FWL (Unit L) 28-6S-25E	SW/4
Sacra "SA" Com No. 13	2310' FSL & 1500' FEL (Unit J) 34-6S-25E	SE/4

(3) At the time of the hearing the applicant requested that the portion of its application seeking approval of unorthodox locations for the Skinny "QO" State No. 8 and the Sacra "SA" No. 12 be dismissed.

(4) According to applicant's evidence and testimony, the subject wells are all located within the Pecos Slope-Abo Gas Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-9976, as amended, which require standard 160-acre gas spacing and proration units with initial and infill wells to be located no closer than 660 feet to any outer boundary of a governmental quarter section nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The Special Rules and Regulations for the Pecos Slope-Abo Gas Pool further permit the optional drilling of a second well on each 160-acre gas spacing and proration unit.

(5) Each of the subject eight wells is an infill well on an existing 160-acre gas spacing and proration unit.

(6) Applicant's geologic and engineering evidence and testimony indicates that:

- a) the primary producing intervals within the Pecos Slope-Abo Gas Pool are the "A", "B" and "C" Abo sand intervals. Of these intervals, the "B" sand is normally the most prolific of the three;
- b) in determining the best possible infill well locations, the applicant utilizes geologic considerations such as net pay in each of the Abo sand intervals as well as engineering considerations such as drainage data from the initial well on each of the proration units;
- c) each of the subject wells are situated on their respective proration units at a location which will maximize net sand thickness and in an area that has not been affected by drainage from the parent well on the unit;
- d) each of the subject wells should efficiently and effectively recover the remaining gas reserves on each of the respective proration units which may otherwise not be recovered by existing wells, thereby preventing waste.

(7) All of the affected offset acreage to each of the proposed unorthodox locations is operated by the applicant.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Pecos Slope-Abo Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill the following described eight wells at unorthodox gas well locations within the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, and to dedicate each of the subject wells to an existing standard 160-acre gas spacing and proration unit:

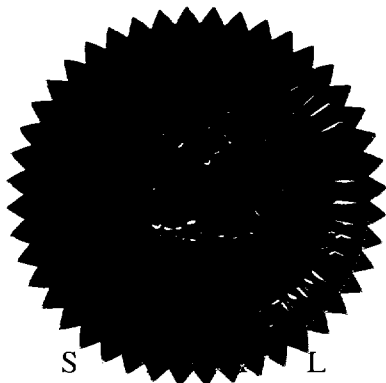
<u>WELL NAME</u>	<u>WELL LOCATION</u>	<u>SPACING UNIT</u>
Hansel "ANH" Federal No. 1	2110' FNL & 940' FEL (Unit H) 7-6S-26E	NE/4
Leeman "OC" Federal No. 5	2310' FSL & 2310' FEL (Unit J) 18-7S-26E	SE/4
Thomas "LN" Federal No. 9	2310' FSL & 1300' FWL (Unit L) 10-6S-25E	SW/4
Snell "QZ" No. 2	2310' FNL & 2310' FWL (Unit F) 31-6S-25E	NW/4
Powers "OL" Fed. Com No. 11	385' FNL & 1680' FEL (Unit B) 33-6S-25E	NE/4
Teckla "MD" Federal No. 9	330' FSL & 2200' FEL (Unit O) 13-6S-25E	SE/4
Red Rock "NB" Federal No. 7	2310' FSL & 1300' FWL (Unit L) 28-6S-25E	SW/4
Sacra "SA" Com No. 13	2310' FSL & 1500' FEL (Unit J) 34-6S-25E	SE/4

(2) The portion of the application seeking approval of unorthodox locations for the Skinny "QO" State No. 8 and the Sacra "SA" No. 12 is hereby dismissed.

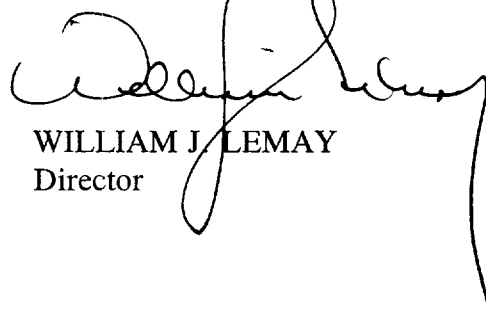
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 11668
Order No. R-10732
Page -5-

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director