

**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. 12185
Order No. R-11209***

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 10, 1999, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 21st day of June, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Yates Petroleum Corporation, seeks approval to drill its Lucky Coyote "ATD" State Well No. 1 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 5, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, to test the Pennsylvanian formation, Undesignated Crow Flats-Morrow Gas Pool. The N/2 of Section 5 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for that pool.

(3) The proposed well is located within one mile of the outer boundary of the Crow Flats-Morrow Gas Pool which is currently governed by Division Rule 104.B.(1), which requires standard 320-acre gas spacing and proration units with wells to be located no closer than: 1650 feet from the nearest end boundary; 660 feet from the nearest side boundary; or 330 feet from any quarter-quarter section line or subdivision inner boundary.

(4) Oxy USA Inc. appeared at the hearing through legal counsel but did not present evidence opposing the application.

(5) The applicant testified that the primary target of the subject well is the Lower Morrow interval.

(6) The applicant presented geologic evidence indicating that:

(a) the target Lower Morrow interval is a channel sand that traverses Section 5 in a north-south direction; and

(b) a well drilled at the proposed unorthodox gas well location should penetrate the Lower Morrow interval in an area of greater sand thickness than a well drilled at a standard location within the NE/4 of Section 5, thereby increasing the likelihood of obtaining commercial gas production.

(7) Ttestimony indicated that the affected offset acreage is owned by Oxy USA Inc. and Santa Fe Snyder Corporation.

(8) Both Oxy USA Inc. and Santa Fe Snyder Corporation have waived objection to the proposed unorthodox gas well location.

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

(10) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool 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 its Lucky Coyote "ATD" State Well No. 1 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 5, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, to test the Pennsylvanian formation, Undesignated Crow Flats-Morrow Gas Pool.

(2) The N/2 of Section 5 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for that pool.

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

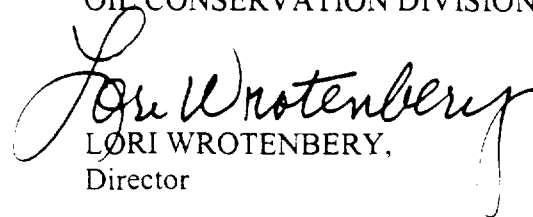
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DONE in Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY,
Director

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