## CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

LAWYERS

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January 28, 2000

### VIA HAND DELIVERY

David Catanach, Hearing Examiner Oil Conservation Division New Mexico Department of Energy, Minerals and Natural Resources 2040 South Pacheco Street Santa Fe, New Mexico 87503

> Re: New Mexico Oil Conservation Division Case 12337: In the Matter of the Application of Yates Petroleum Corporation for an Unorthodox Well Location, Chavez County, New Mexico.

Dear Mr. Catanach:

We discussed this case this morning. As you know, this case is set for hearing before the next Division docket, on Thursday, February 3, 2000.

Bill Carr discussed this case with Michael Stogner before we filed the formal application for hearing. We initially planned to file an administrative application for approval of the subject well location, but when Mr. Carr discussed the case, Mr. Stogner requested that we instead file a formal application for hearing. However, Mr. Stogner also Mr. Carr that the case should be filed with a request that the case be advertised "In the absence of objection, this case will be taken under advisement." Based on my review of the docket, it appears that the case was so advertised.

The case appears to be one in which the Division can approve the requested unorthodox well location without requiring Yates to present formal testimony and exhibits in a hearing. The proposed unorthodox location is necessary because the standard location is located in the middle of the Roswell Gun Club's Pistol and Rifle Range. Because of the hostile environment, it was necessary to move the well location to the east 159 feet. A well at this

unorthodox well location should be able to efficiently produce the reserves in this reservoir under the NW/4 of said Section 36. The well is only encroaching on an interior quarter-quarter section line, the correlative rights of no interest owner will be adversely impacted by a well at this proposed unorthodox location. Accordingly, there are no affected persons as defined in Rule 1207.A to whom notice of this application should be provided. Finally, although the proposed unorthodox location is only unorthodox by 159 feet, the well can not be economically drilled to a standard subsurface location.

I have enclosed an affidavit from Doug Hurlbut, a landman with Yates, explaining the necessity for the unorthodox location. Attached to that Affidavit are a topographic map showing the location of roads and bunkers at the Roswell Gun Club's Pistol and Rifle Range, photographs which show the well location originally proposed by Yates, which location is squarely in the line of fire at the rifle range, and a plat showing the subject spacing unit, the proposed unorthodox well location and adjoining spacing units and wells.

It is essential that the application be approved immediately following the hearing, because the Roswell Gun Club's Rifle and Pistol Range will be closed during February, 2000, but will reopen March 1. Yates will not be able to drill the well if approval of the application is delayed past the first few days in February.

We will appreciate your letting us know, as soon as possible, whether you will require Yates to present additional live testimony and exhibits at the February 3 hearing, and whether the application can be approved following the hearing.

Thank you for your assistance in this case.

Paul R. Owen

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

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX WELL LOCATION, CHAVEZ COUNTY, NEW MEXICO.

**CASE NO. 12337** 

### AFFIDAVIT OF DOUGLAS W. HURLBUT

STATE OF NEW MEXICO }
COUNTY OF EDDY }

Douglas W. Hurlbut, being first duly sworn, upon oath states:

- 1. I am a resident of Artesia, New Mexico. I am a petroleum landman employed by Yates Petroleum Corporation ("Yates") in Artesia, New Mexico. I am familiar with the subject matter of the above-referenced case which is pending before the New Mexico Oil Conservation Division.
- 2. I have personal knowledge of all facts stated in this affidavit, and all facts herein, are true and correct.
- 3. By the Application in the above-referenced case, and pursuant to the provisions of Division Rule 104 F adopted on August 12, 1999, Yates seeks Division approval of an unorthodox well location for its Harvest "ABR" State Well No. 2 at a point 660 feet from the North line and 2139 feet from the West line of Section 36, Township 9 South, Range 24 East, N.M.P.M., Chaves County, New Mexico. This well will be drilled to a depth to sufficient test all formations from the surface to through the Abo formation. A standard 160-acre spacing and proration unit comprised of the NW/4 of Section 36 will be dedicated to the well in the Abo formation.
  - 4. The Harvest "ABR" State Well No. 2 will be completed the Pecos Slope-Abo Gas Pool

which is governed by Special Rules and Regulations adopted by Division Order Nos. R-9976-C which provide for gas wells to be located on standard units containing 160-acres (Rule 2) with wells to be located no closer than 660 feet to from the outer boundary of the proration unit nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary (Rule 4).

- 5. This proposed unorthodox well location for the Harvest "ABR" State Well No. 2 is only unorthodox because it is only 501 feet from the outer boundary of the dedicated 160-acre spacing unit in the Pecos Slope-Abo Gas Pool. This unorthodox location is required by topographical conditions.
- 6. The Harvest "ABR" State Well No. 2 was originally proposed by Yates at a standard location 660 feet from the North line and 1980 feet from the West line of Section 36. However, because it is located in the Roswell Gun Club's Pistol and Rifle Range it was necessary to move the well location to the east 159 feet. A well at this unorthodox well location should be able to efficiently produce the reserves in this reservoir under the NW/4 of said Section 36. A topographic map showing the location of roads and bunkers at the Roswell Gun Club's Pistol and Rifle Range is enclosed as Exhibit A to this affidavit.
- 7. Exhibit B to this affidavit consists of four photographs which show the well location originally proposed by Yates, which location is squarely in the line of fire at the rifle range.
- 8. Attached to this affidavit as Exhibit "C" is a plat showing the subject spacing unit, the proposed unorthodox well location and adjoining spacing units and wells. Since the well is only encroaching on an interior quarter-quarter section line, the correlative rights of no interest owner will be adversely impacted by a well at this proposed unorthodox location. Accordingly, there are no affected persons as defined in Rule 1207.A to whom notice of this application should be provided.
  - 9. Although the proposed unorthodox location is only unorthodox by 159 feet, the well can

not be economically drilled to a standard subsurface location. The added expense and risk associated with directionally drilling the well to a standard subsurface location will render the project not economically feasible for Yates, and the hydrocarbons under the subject spacing area, which might otherwise be produced, will be wasted.

- 10. The Roswell Gun Club's Rifle and Pistol Range will be closed during February, 2000, but will reopen March 1. It is essential that the application be approved as soon as possible, because Yates will not be able to drill the well if approval of the application is delayed past the first few days in February.
- 11. The approval of Yates' Application in this case will be in the best interest of conservation, will prevent waste of hydrocarbons, and will protect correlative rights.

## FURTHER AFFIANT SAYETH NAUGHT. Jacq W. Haylbut Doug W. Haylbut SUBSCRIBED AND SWORN TO before me this 27 th day of January, 2009, by Doug W. Hurlbut Babara Release Notary Public My commission expires:

1-8-2004

# LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE









