

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. 10429
ORDER NO. R-9622*

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 8:15 a.m. on December 19, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of January, 1992 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) Yates Petroleum Corporation (Yates) is the operator of the Albert "AJH" Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 21, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

(3) Authorization was granted by the supervisor of the Artesia District Office of the Division in April, 1991 for Yates to drill said well to a depth of 8200 feet to test the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool at said location, which is standard pursuant to the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool as promulgated by Division Order No. R-5353, as amended.

(4) On October 16, 1991 Yates filed a sundry notice (OCD Form C-103) with the Artesia District Office amending its original plan to drill to a depth of 9300 feet to also test the Morrow formation. Authorization was granted with the stipulation that the well receive formal approval of the unorthodox gas well location in the deeper Morrow interval. On November 16, 1991 said well reached a total depth of 9282 feet within said Morrow formation.

(5) At this time, Yates Petroleum Corporation seeks approval of the unorthodox gas well location for said well within the Foster Ranch-Morrow Gas Pool, the E/2 of said Section 21 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool.

(6) Evidence presented at the hearing and OCD records indicate that the Mewbourne Gas Company's Foster Well No. 1 located within the E/2 of said Section 21 produced a total of 122,829 MCF of gas and 9 barrels of condensate from the Foster Ranch-Morrow Gas Pool from October 1975 to October 1980, after which said well was plugged and abandoned in 1982.

(7) Geologic evidence presented by the applicant also indicates that a well completed at the proposed unorthodox location would permit the recovery of additional hydrocarbons underlying the E/2 of said Section 21 which might not otherwise be recovered.

(8) No offset operator or interested party appeared at the hearing or objected to the application.

(9) Said application is in the best interest of conservation, will prevent waste and will not violate correlative rights and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation for an unorthodox gas well location for its Albert "AJH" Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 21, Township 20 South, Range 24 East, NMPM, Foster Ranch-Morrow Gas Pool, Eddy County, New Mexico, is hereby approved.

(2) The E/2 of said Section 21 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool.

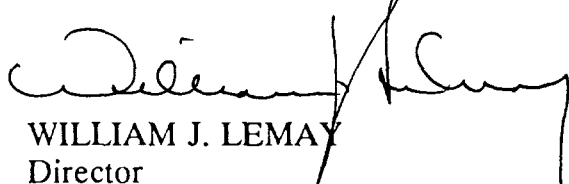
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10429
Order No. R-9622
Page No. 3

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director