

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. 10791
Order No. R-9956

**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 August 26, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of September, 1993, 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 of an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, to test any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation. This presently includes, but is not necessarily limited to, the Undesignated East Red Lake-Upper Pennsylvanian Pool, Undesignated Scoggin Draw-Strawn Pool, Undesignated Scoggin Draw-Atoka Gas Pool, Undesignated Red Lake Atoka-Morrow Gas Pool, Undesignated Scoggin Draw-Morrow Gas Pool and Undesignated North Illinois Camp-Morrow Gas Pool.

(3) The E/2 of said Section 14 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

(4) The applicant presented geologic evidence and testimony which indicate that a well drilled at the proposed location will penetrate the Upper Pennsylvanian and Morrow intervals at a more structurally advantageous position than a well drilled at a standard location thereon, thereby

Case No. 10791
Order No. R-9956
-2-

increasing the likelihood of obtaining commercial production.

(5) No affected offset operator appeared and/or objected to the proposed non-standard well location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected formations, 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.

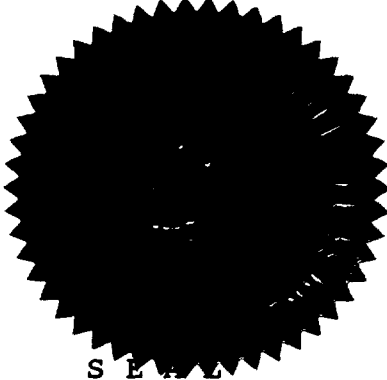
IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Petroleum Corporation for an unorthodox gas well location for any and all formations and/or pools developed on 320-acre spacing from the surface to the Morrow formation which presently includes, but is not necessarily limited to, the Undesignated East Red Lake-Upper Pennsylvanian Pool, Undesignated Scoggin Draw-Strawn Pool, Undesignated Scoggin Draw-Atoka Gas Pool, Undesignated Red Lake Atoka-Morrow Gas Pool, Undesignated Scoggin Draw-Morrow Gas Pool and Undesignated North Illinois Camp-Morrow Gas Pool is hereby approved for a well to be drilled 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

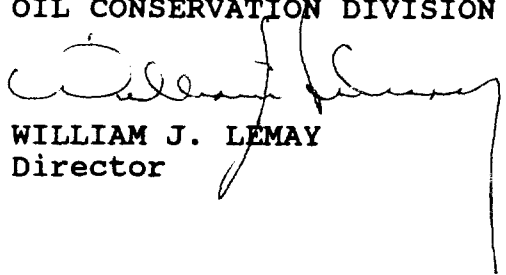
(2) The E/2 of said Section 14 shall be dedicated to the above-described well forming a 320-acre gas spacing and proration unit.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director