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May 31, 1994

11004

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

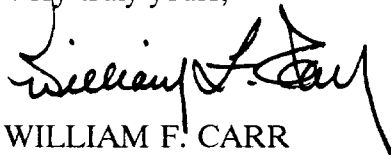
MAY 1 1994

Re: In the Matter of the Application of Yates Petroleum Corporation to Reopen
Cases 10793 and 10918 and to Approve Unorthodox Gas Well Locations in
its Pilot Enhanced Gas Recovery Project Within Portions of the Pecos Slope-
Abo Gas Pool, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the June 23, 1994 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Mecca Mauritsen
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
TO REOPEN CASES 10793 and 10981
AND TO APPROVE UNORTHODOX GAS WELL
LOCATIONS IN ITS PILOT ENHANCED
GAS RECOVERY PROJECT WITHIN PORTIONS
OF THE PECOS SLOPE-ABO GAS POOL,
CHAVES COUNTY, NEW MEXICO.

MAY 1 1994

CASE NO. 11004

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division to reopen Cases 10793 and approve the unorthodox locations for certain gas wells located in its pilot enhanced gas recovery project approved by Order No. R-9976 and to reopen Case 10981 and approve the unorthodox well locations for eleven wells proposed as part of Yates' effort to expand this pilot project and in support of this application states:

1. Yates is the operator of an enhanced gas recovery pilot project which was approved by Division Order No. R-9976 on September 24, 1993 for the purpose of infill drilling within portions of the Pecos Slope-Abo Gas Pool within each of six specific 160-acre gas spacing and proration units in Township 6 South, Range 25 East. Pursuant to this order, six infill wells have been drilled and the results of this infill development are encouraging but inconclusive as to whether field-wide rules should be adopted which provide for infill drilling.

2. In Case 10981, Yates seeks authorization to expand this pilot enhanced gas recovery project to include infill wells on twenty additional tracts in this pool. This case was heard on May 26, 1994.

3. The following existing infill wells and proposed infill wells are at unorthodox locations:

Township 5 South, Range 25 East

Paulette PV State No. 5 - Section 16: NE/4 (2310' FNL and 1650' FEL)
Dee OQ State No. 5 - Section 32: SW/4 (2310' FS and WL)

Township 6 South, Range 25 East

Kilgore SO No. 3 - Section 24: SW/4 (2310' FSL and 1980' FWL)
Sacra SA Com No. 11 - Section 35: NE/4 (2310' FN and EL)

Township 6 South, Range 26 East

Hansel ANH Federal Com No. 1 - Section 7: NE/4 (2110' FNL and 790' FEL)
Savage NI Federal No. 5 - Section 19: SE/4 (2310' FSL and 990' FEL)
Federal HJ No. 11 - Section 31: NE/4 (2080' FNL and 1650' FEL)

Township 7 South, Range 25 East

Thorpe MI Federal No. 15 - Section 22: NW/4 (990' FNL and 2310' FWL)
Federal HY No. 13 - Section 33: SE/4 (2310' FSL and 460' FEL)

Township 7 South, Range 26 East

Crandall UD No. 2 - Section 6: NE/4 (510' FNL and 1980' FEL)
Leeman OC Federal No. 5 - Section 18: SE/4 (2310' FSL and 1980' FEL)
Nickey RF Federal No. 3 - Section 19: SW/4 (2310' FS and WL)
Catterson SS Federal No. 7 - Section 21: SE/4 (2310' FSL and 790' FEL)

4. Geological and engineering evidence presented at the August 12, 1993 and May 26, 1994 hearings in Cases 10793 and 10981 demonstrated that each of these unorthodox locations is necessary to obtain good sand thickness in the Abo formation and to keep wells on trend with good cumulative production as well as outside the calculated drainage areas of the existing wells on each spacing unit.

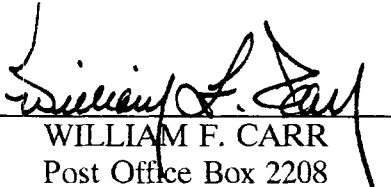
5. Land testimony presented in these prior hearings showed that the proposed unorthodox locations encroach only on tracts operated by Yates Petroleum Corporation or offset operators who do not object to these unorthodox locations.

6. Approval of these unorthodox well locations are necessary for an effective gas pilot project, will prevent waste, will not impair correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that Cases 10793 and 10981 be reopened, that this application for unorthodox well locations be set for hearing before a duly appointed Examiner of the Oil Conservation Division on June 23, 1994, and that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application.

Respectfully submitted,

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

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

11004

CASES 10793 and 10918 (Reopened):

Application of Yates Petroleum Corporation to reopen Cases 10793 and 10918 and to approve unorthodox gas well locations in its pilot enhanced gas recovery project within portions of the Pecos Slope-Abo Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following unorthodox gas well locations in the Pecos Slope-Abo Gas Pool:

Township 5 South, Range 25 East

- ✓ - Paulette PV State No. 5 - Section 16: NE/4 (2310' FNL and 1650' FEL)
- ✓ - Dee OQ State No. 5 - Section 32: SW/4 (2310' FS and WL)

Township 6 South, Range 25 East

- - Kilgore SO No. 3 - Section 24: SW/4 (2310' FSL and 1980' FWL)
- - Sacra SA Com No. 11 - Section 35: NE/4 (2310' FN and EL)

Township 6 South, Range 26 East

Hansel ANH Federal Com No. 1 - Section 7: NE/4 (2110' FNL and 790' FEL)
Savage NI Federal No. 5 - Section 19: SE/4 (2310' FSL and 990' FEL)
Federal HJ No. 11 - Section 31: NE/4 (2080' FNL and 1650' FEL)

Township 7 South, Range 25 East

Thorpe MI Federal No. 15 - Section 22: NW/4 (990' FNL and 2310' FWL)
Federal HY No. 13 - Section 33: SE/4 (2310' FSL and 460' FEL)

Township 7 South, Range 26 East

Crandall UD No. 2 - Section 6: NE/4 (510' FNL and 1980' FEL)
Leeman OC Federal No. 5 - Section 18: SE/4 (2310' FSL and 1980' FEL)
Nickey RF Federal No. 3 - Section 19: SW/4 (2310' FS and WL)
Catterson SS Federal No. 7 - Section 21: SE/4 (2310' FSL and 790' FEL)

Said area is located approximately 12 miles west of Haystack Butte.

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October 10, 1995

HAND-DELIVERED

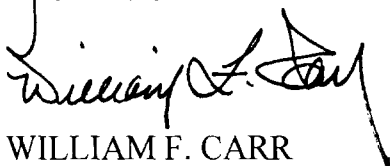
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: Application of Yates Petroleum Corporation for Special Pool Rules, Chaves
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the November 2, 1995 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Randy Patterson
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR SPECIAL POOL RULES, CHAVES
COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

COMES NOW, YATES PETROLEUM CORPORATION ("YATES"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an order promulgating special rules and regulations for the Pecos Slope-Abo Gas Pool including authorization of the drilling of an optional additional well on each standard spacing and proration unit and other provisions necessary to implement infill drilling in this pool, and in support of this application states:

1. Yates Petroleum Corporation operates numerous wells which produce from the Abo formation in the Pecos Slope-Abo Gas Pool which is operated under statewide spacing rules that provide for 160-acre spacing units with one Abo formation well completed on each unit. Under statewide rules, each Abo well must be set back 660 feet from the outer boundary of the spacing unit dedicated thereto.

2. The Pecos Slope-Abo Gas Pool was created by Oil Conservation Division Order No. R-6876, dated January 1, 1982, and has been extended from time to time to include approximately 199,000 acres in the following described lands:

Township 4 South, Range 24 East, NMPM

Section 24: S/2
Sections 25 and 26: All
Section 33: All
Section 34: S/2
Section 35 and 36: All

Township 4 South, Range 25 East, NMPM

Section 19: SW/4
Section 30: W/2
Section 31: All

Township 5 South, Range 24 East, NMPM

Sections 1 through 3: All
Sections 7 through 36: All

Township 5 South, Range 25 East, NMPM

Sections 1 through 12: All
Sections 14 through 22: All
Section 23: N/2
Section 27: N/2
Sections 28 through 34: All

Township 6 South, Range 24 East, NMPM

Sections 1 and 2: All
Sections 11 through 17: All
Section 18: E/2
Sections 22 through 28: All
Section 34: E/2
Sections 35 and 36: All

Township 6 South, Range 25 East, NMPM

Sections 1 through 36: All

Township 6 South, Range 26 East, NMPM
Sections 1 through 36: All

Township 6 South, Range 27 East, NMPM
Sections 19 through 22: All

Township 7 South, Range 24 East, NMPM
Sections 1 and 2: All
Section 3: E/2
Sections 9 through 15: All
Sections 22 through 27: All
Sections 34 through 36: All

Township 7 South, Range 25 East, NMPM
Sections 1 through 36: All

Township 7 South, Range 26 East, NMPM
Sections 1 through 36: All

Township 7 South, Range 27 East, NMPM
Section 6: All
Sections 19 and 20: All

Township 8 South, Range 24 East, NMPM
Sections 1 through 3: All
Section 10: E/2
Sections 11 and 12: All

Township 8 South, Range 25 East, NMPM
Sections 1 through 12: All
Section 13: N/2, SE/4
Section 14: N/2
Section 15: N/2
Section 16: N/2

Township 8 South, Range 26 East, NMPM
Sections 1 through 36: All

Township 8 South, Range 27 East, NMPM

Section 17: NW/4

Section 18: All

Section 26: E/2, SW/4

Section 27: SE/4

Sections 31 through 34: All

3. By Order No. R-9976, dated September 24, 1993, the Oil Conservation Division granted the application of Yates for a pilot infill drilling program within portions of the Pecos Slope-Abo Gas Pool, for the drilling of an additional gas well within certain described standard 160-acre gas spacing and proration units in order to gather data to determine if infill drilling is necessary to effectively and efficiently drain the Abo formation. This pilot project was expanded by Division Order No R-9976-A, dated July 26, 1994. Both Orders provide that Yates shall appear before the Division and present the geologic and engineering data it has acquired from the pilot project and make recommendations to the Division concerning amendments, if any are applicable, to the rules which currently govern the Pecos Slope-Abo Gas Pool. This case was reopened in August, 1995 and has been continued until November 2, 1995 to permit Yates to report the results of its pilot project.

4. To enable operators in the Pecos Slope-Abo Gas Pool to produce the reserves therein in the most effective and efficient way and to be able to drill an adequate number of wells to produce the reserves from this pool without causing waste, special rules and regulations should be adopted for the pool on a permanent basis authorizing the drilling of an optional additional well on each standard spacing and proration unit in the pool.

APPLICATION


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5. Approval of this application will be in the best interest of conservation and the adoption of rules for the Pecos Slope-Abo Pool which authorize infill drilling in this pool will prevent waste and will not impair correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 2, 1995, that notice be given of this application as required by law and the rules of the Division, and that after hearing this application be granted.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, NM 87504-2208
505-988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

CASE NO. _____: Application of Yates Petroleum Corporation for Special Pool Rules, Chaves County, New Mexico. Applicant seeks the promulgation of special pool rules and regulations for the Pecos Slope-Abo Gas Pool, located in portions of Townships 4, 5, 6, 7 and 8 South, Ranges 24, 25, 26 and 27 East, including provisions authorizing the drilling of an optional additional well on each standard spacing and proration unit and other provisions necessary to implement infill drilling in this pool. Said area is located approximately 12 miles west of Haystack Butte, New Mexico.

CAMPBELL, CARR & BERGE, P.A.
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February 6, 1996

HAND-DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED
FEB 6 1996
Oil Conservation Division

Re: Cases 10793, 10981, 11004, 11421 and 11422:
Applications of Yates Petroleum Corporation concerning infill drilling in the
Pecos Slope-Abo Gas Pool, South Pecos Slope-Abo Gas Pool and the West
Pecos Slope-Abo Gas Pool, Chaves County, New Mexico

Dear Mr. Stogner:

By letter dated January 31, 1996, Tide West Oil Company ("Tide West") and Great Western Drilling Company ("Great Western") provided comments on the above referenced applications of Yates Petroleum Corporation.

As you are aware, these cases came before you for hearing on November 2, 1995 in Roswell, New Mexico. At that hearing, neither Tide West nor Great Western called a witness. Instead of presenting evidence, each sought a 60-day continuance and requested data from Yates so they could determine what position to take in these cases. The continuance was granted and the requested data provided by Yates. When the hearing resumed on January 11, 1996, Tide West and Great Western again failed to present any evidence on any application and requested and afforded an opportunity to present written statements.

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
February 6, 1996
Page 2

The Tide West and Great Western letters attack Yates' evidence on the geology of the Abo formation in this area, the drainage testimony, the results of this infill program, and Yates' economic, production and reserve data.

Yates Petroleum Corporation objects to the back door approach used by Tide West and Great Western in this matter. The statements in the Tide West and Great Western letters of January 31, 1996 are not only incorrect, they are not supported by the evidence in the record

The Division errs if it considers the objections raised by Tide West and Great Western in these post-hearing letters. To do so would substantially prejudice Yates, for it will be denied the opportunity to respond -- on the record -- to these allegations. If the Division considers these post-hearing comments, the hearing process will be subverted, and a dangerous precedent will be set. At a minimum, due process requires that applicants and protestants alike be given not only an opportunity to be heard but also an opportunity to respond to the misstatements of an opponent.

Having failed to present evidence at the hearings on these applications, Tide West and Great Western should not be allowed to attack the Yates presentation with an unsworn, after the fact letter. If they won't come to the hearing, take the witness stand, present evidence and submit themselves to cross-examination, they cannot be heard.

The arguments of Tide West Oil Company and Great Western Drilling Company may not be considered in deciding these cases.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Rand Carroll, Esq.