

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. 9910
ORDER NO. R-9169

APPLICATION OF HARVEY E. YATES
COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 18, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of April, 1990, 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, Harvey E. Yates Company, seeks approval of an unorthodox oil well location 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 24, Township 19 South, Range 34 East, NMPM, to test the Undesignated Lea-Bone Spring Pool, Lea County, New Mexico.

(3) The E/2 SW/4 of said Section 24 is to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool.

(4) The applicant presented geological evidence which indicates the existence of a small, low relief carbonate structure with its crest extending from the middle of the SW/4 of said Section 24 to approximately one quarter mile in both the northeast and southwest directions.

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(5) The applicant's geological testimony also indicates that the subject step-out well drilled at the subject unorthodox location should serve to intersect this structure just off of the crest and on the down-thrown side, thus maintaining thickness; such positionings should place this well at the most optimal location on this structure in order to increase their chances of obtaining commercial production.

(6) No offset operator objected to the proposed unorthodox location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, 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 Harvey E. Yates Company for an unorthodox oil well location for the Undesignated Lea-Bone Spring Pool is hereby approved for a well to be located at a point 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 24, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

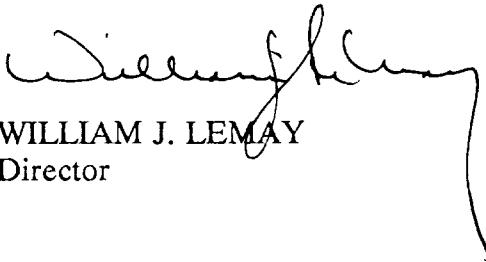
(2) The E/2 SW/4 of said Section 24 shall be dedicated to the above-described well forming an 80-acre oil spacing and proration unit for said pool.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director