

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



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Harvey E. Yates Company

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June 12, 1987

Oil Conservation Division
State of New Mexico
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

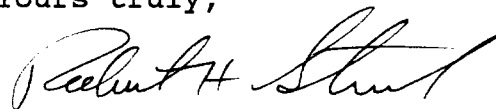
RE: Case No. 9144, Application of Harvey E. Yates
Company for Revocation of Prior Orders R-7240
and R-8190 and for Compulsory Pooling,
Lea County, New Mexico

ATTENTION: Mr. David R. Catanach

Gentlemen:

As you requested at the close of the Hearing on June 3rd in the above referenced application, I am enclosing for your consideration a proposed Order to be entered in this matter. If you have any questions, please let me know.

Yours truly,



ROBERT H. STRAND

RHS/sj

cc: Mr. Bob Bell

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

ONE SOUTHWEST CENTRE

875 623 6621

ROSWELL, NEW MEXICO 87001

April 15, 1987

Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Jeff Taylor

R-7240
R-8190

Re: HEYCO's East Lovington Prospect
T-16S, R-37E, N.M.P.M.
Section 8
Lea County, New Mexico

Gentlemen:

We discussed this issue in your office on February 18, 1987, without coming to any definite decisions. I hope that this letter and enclosed plat will satisfactorily explain our objective and that the Commission will be able to advise us accordingly.

Harvey E. Yates Company (HEYCO) spud the East Lovington 8-1 (SE/4 SE/4) on March 27, 1983 and completed the well on May 14, 1983. We had a force pool hearing, being Case #7808 on March 2, 1983 to pool the mineral owners that we could not locate. The well has not paid out and is not longer economical for HEYCO to produce. It will be our recommendation to plug and abandon this well in the very near future.

HEYCO spud the East Lovington 8-2 (NE/4 SE/4) on March 7, 1986 and completed this well on April 9, 1986. We had another force pool hearing, Case #8826, on February 19, 1986, to pool the same mineral owners as the East Lovington 8-1, with the exception of a few that were located. The East Lovington 8-2 has paid out and the force pool penalty should pay out in late May or early June of this year.

The mineral ownership under the SE/4 of Section 8 is undivided with the exception of the following:

1. Lucky Wright Royalty Syndicate, 90/768 (E/2 SE/4)
A Common Law Trust
P. O. Box 505 93/768 (W/2 SE/4)
Farmington, New Mexico 87401
2. Rebel Oil Company 1/256 (E/2 SE/4
c/o Howell Spear only)
P. O. Box 1684
Midland, Texas 79702

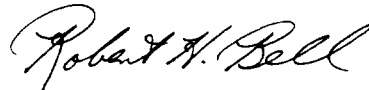
HEYCO would like to plug the East Lovington 8-1 and re-dedicate the proration unit for the East Lovington 8-2 to the E/2 SE/4 of Section 8. This would allow HEYCO to drill another Strawn test in the NW/4 SE/4 and dedicate the W/2 SE/4 to this new test well.

We are assuming that all interest owners will agree to this change as it would be beneficial to them.

With this in mind, could we get administrative approval or would we have to have a formal hearing? Also, would you recommend waiting for the 8-2 to pay out the force pool penalty before seeking such approval?

Thank you for your prompt attention to this matter. Please contact us at your earliest convenience concerning these requests.

Very truly yours,



Robert H. Bell
Land Department

RHB/dlm
Enclosure

elovocd

8

SE 1/4

#3	#1
	#2