



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. 12337
Order No. R-11325

APPLICATION OF YATES PETROLEUM CORPORATION FOR AN
UNORTHODOX WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 3, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of February, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, Yates Petroleum Corporation ("Yates"), seeks approval to drill its Harvest "ABR" State Well No. 2 at an unorthodox gas well location 660 feet from the North line and 2139 feet from the West line (Unit C) of Section 36, Township 9 South, Range 24 East, NMPM, Chaves County, New Mexico, to test the Abo formation, Pecos Slope-Abo Gas Pool. The NW/4 of Section 36 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for this pool.
- (3) The proposed well is located within the Pecos Slope-Abo Gas Pool, which is currently governed by special pool rules contained within Division Order No. R-9976-C. These rules require standard 160-acre gas spacing and proration units with the initial well and, in the event a second well is drilled on any spacing unit, the infill well, to be located no closer than 660 feet to the outer boundary of a governmental quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.
- (4) The notice published for this case stated "In the absence of objection, this case will be taken under advisement."
- (5) Yates appeared at the hearing through legal counsel.
- (6) The evidence presented by the applicant in this case demonstrates that:

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- (a) the primary target within the Harvest "ABR" State Well No. 2 is the Abo formation;
- (b) Yates originally proposed to drill the Harvest "ABR" State Well No. 2 at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36; however, this location placed the well in the line of fire at the Roswell Gun Club's Pistol and Rifle Range;
- (c) the proposed unorthodox location represents a reasonable location at which to avoid this surface feature;
- (d) a well at the proposed unorthodox location should efficiently produce the gas reserves underlying the NW/4 of Section 36;
- (e) there are no other acceptable orthodox well locations within the NW/4 of Section 36; and
- (f) the well cannot be economically directionally drilled to a standard subsurface location within the NW/4 of Section 36.

(7) Division records indicate that the NE/4 of Section 36, being the affected offset acreage, is currently dedicated to the Yates Petroleum Corporation Harvest "ABR" State Well No. 1, which is currently completed in the Pecos Slope-Abo Gas Pool.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Pecos Slope-Abo Gas Pool underlying the NW/4 of Section 36, and will otherwise prevent waste and protect correlative rights.

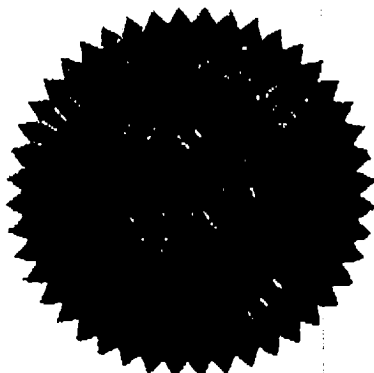
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Harvest "ABR" State Well No. 2 at an unorthodox gas well location 660 feet from the North line and 2139 feet from the West line (Unit C) of Section 36, Township 9 South, Range 24 East, NMPM, Chaves County, New Mexico, to test the Abo formation, Pecos Slope-Abo Gas Pool. The NW/4 of Section 36 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit for this pool.

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(2) Jurisdiction is hereby 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director