



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 28, 1999

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210**

Attention: Robert Bullock

**Re: C. O. Jones "ATK" State Com. Well No. 1
API No. 30-025-34714
1330' FSL & 1080' FWL (Unit L) of Section 11,
Township 16 South, Range 35 East, NMPM, Lea
County, New Mexico.**

Dear Mr. Bullock:

The Division's records indicate that the NW/4 SW/4 of Section 11 is situated between the Northwest Shoe Bar-Strawn Pool, which is spaced on 40-acre units and governed under Division Rule 104.B, and the South Big Dog-Strawn Pool, which is spaced on 80-acre units and governed under special pools set forth in Division Order No. R-9722, as amended.

In either case your application dated October 7, 1999 is **denied**.

The placement of this well within the Strawn formation at the proposed location is unjustified and unwarranted. From the information provided, it appears that there are locations available within Unit "L" that meet both requirements for the deeper 320-acre gas spacing pools/formations and the Strawn interval. Spacing and the placement of wells within units either by the Division's statewide rules or by special pool rules are in place so as to promote the orderly development of oil and gas resources.

Should Yates Petroleum Corporation wish to pursue this matter further, a hearing will be required.

Sincerely,

Michael E. Stogner
Engineer/Chief Hearing Officer

LW/MES/kv

cc: **New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Kathy Valdes, NMOCD - Santa Fe
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe**