

Case Number

4745

Application

Transcripts

Small Exhibits

ETC.

dearnley, meier & associates

209 SIMMS BLDG. P.O. BOX 1092 PHONE 242-6891 ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
September 19, 1973

EXAMINER HEARING

IN THE MATTER OF: )  
 )  
Case No. 4745 being reopened ) Case No. 4745  
pursuant to the provisions of )  
Order No. R-4365, which order )  
established special rules and )  
regulations for the Penasco )  
Draw San Andres-Yeso Pool, )  
Eddy County, New Mexico, including )  
a provision for classification of )  
oil wells and gas wells, the )  
spacing thereof, and a limiting )  
gas-oil ratio of 3000 to 1. )

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

dearnley, meier & associates

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3	<u>EDDIE MAHFOOD</u>		
4	(By Mr. Losee)	3	
5	(By Mr. Utz)		11
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1 MR. UTZ: Call Case No. 4745.

2 MR. DERRYBERRY: In the matter of Case No. 4745  
3 being reopened pursuant to the provisions of Order No. R-4365,  
4 which order established special rules and regulations for  
5 the Penasco Draw San Andres-Yeso Pool, Eddy County, New  
6 Mexico, including a provision for classification of oil wells  
7 and gas wells, the spacing thereof, and a limiting gas-oil  
8 ratio of 3000 to 1.

9 MR. LOSEE: A. J. Losee, Losee and Carson,  
10 appearing on behalf of applicant. I have one witness,  
11 Mr. Mahfood.

12 EDDIE MAHFOOD,  
13 a witness, having been first duly sworn according  
14 to law, upon his oath testified as follows:

15 DIRECT EXAMINATION

16 BY MR. LOSEE:

17 Q State your name, residence and occupation.

18 A Eddie Mahfood, Artesia, New Mexico, Chief Engineer for  
19 Yates Petroleum.

20 Q Have you previously testified before the Commission and  
21 made your qualifications a matter of record?

22 A Yes, I have.

23 Q Order R-4365 was entered by the Commission on August 28,  
24 1972, establishing special pool rules for Penasco Draw  
25 San Andres-Yeso Pool. Briefly, what did that order

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1 provide with respect to spacing for gas and oil wells?

2 A It provides 320-acre spacing for gas wells and 40-acre  
3 spacing for oil wells.

4 Q What about the gas-oil ratio between gas wells and oil  
5 wells?

6 A That's approximately 10,000 to 1 gas-oil ratio and it  
7 also had a limiting gas-oil ratio 3000 to 1.

8 Q Does anyone other than Yates Petroleum Corporation  
9 operate any wells in this field?

10 A No, Yates Petroleum is the only operator in the San  
11 Andres field.

12 Q Does Yates desire that these special pool rules be  
13 continued and enforced?

14 A Yes. We would like to have the spacing permanent, if  
15 it's possible. We would like to have permanent 320-acre  
16 spacing for gas wells and provide this evidence we  
17 hope is satisfactory. If not, then we will come back with  
18 more evidence later to discuss the 320 spacing.

19 Q You, in effect, want all of the rules continued. Do you  
20 have any exception to that request?

21 A Yes, I would except the 3000 to 1 ratio. We do not really  
22 need this because it is so tight that we have exceeded  
23 its allowable.

24 Q So that the rules could be amended to provide a limiting  
25 GOR of 2000 to 1?

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- 1 A Right. This is a standard gas-oil ratio.
- 2 Q Please refer to what has been marked as Exhibit 1 and
- 3 briefly explain what is shown on this exhibit.
- 4 A Exhibit 1 is an ownership map of the Penasco Draw area
- 5 and I have it for the gas wells marked as such. I have
- 6 a red line with arrows pointing out the trend of the
- 7 reservoir and these wells are all presented on the
- 8 cross section in the order in which we appear on this
- 9 map.
- 10 Q Were there any other wells at your initial here which
- 11 you projected as gas wells which have turned out to be
- 12 oil wells?
- 13 A Yes, sir. A year ago we presented the Nicholas BJ
- 14 Number 1 and the Johnston BE.
- 15 Q Well, the Johnston BE isn't shown, is it?
- 16 A No, it's obliterated on this map; but it's in the
- 17 northeast corner of Section 8 and it is presently
- 18 completed as a Morrow well.
- 19 Q So you actually deepened that well to the Morrow
- 20 formation?
- 21 A That is correct.
- 22 Q But your BJ well?
- 23 A Turned out to be less than 10,000 to 1 ratio. It's
- 24 approximately 1400 to 1 ratio at the moment and we drill
- 25 another well in the same section, the C.I. No. 2 and its

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- 1 ratio is approximately 9000 at the moment.
- 2 Q Please refer to what's been marked as Exhibit 2, that  
3 being the cross section of the wells identified on  
4 Exhibit 1 and briefly explain what is shown on this  
5 cross section.
- 6 A We see the four gas wells and the C.I. No. 2 well.  
7 The purpose of this is to show continuity of formation  
8 which is a requisite approved drainage. I have called  
9 in the porosity origin and you can see that the porosity  
10 exists in all of these wells. Saturations are running  
11 approximately 25 percent upon the unilateral log  
12 porosity but I believe if we were to core, we would  
13 probably find that it was less than 25 percent water  
14 saturation.
- 15 Q You haven't cored any of these wells; have you?
- 16 A No, we have not.
- 17 Q Is this exhibit intended to show that the wells will  
18 drain, that the formation is continuous and that there's  
19 a likelihood that the wells will drain the area  
20 designated to them?
- 21 A I believe it does.
- 22 Q Please refer to what has been marked as Exhibit 3 and  
23 entitled Investment and Production History of your gas  
24 wells and explain the important factors of this exhibit.
- 25 A We see the cost of wells and the cost of gathering the

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1 gas and transporting it to the plant. For the State BD  
2 it shows a total investment of one hundred fifty-three  
3 thousand thirty-six.

4 Q Why is that much higher than the others, Mr. Mahfood?

5 A Because this well was drilled to the ABO, and, of course,  
6 the ABO was not productive. So the San Andres stands the  
7 burden of that well. The pipe line fifty thousand is that  
8 eight-inch line. It is the primary in this well and at  
9 the moment I have to add it to the cost to the investment;  
10 but as additional wells are drilled, they will share  
11 a portion of this cost.

12 Q Now, this plant you're referring to, is that a plant that's  
13 been constructed subsequent to your original Application  
14 in this case?

15 A That is correct. The plant was built by Transwestern  
16 to process our gas. On this exhibit I'm also showing  
17 the estimated reserves and the approximate value of these  
18 reserves, basically at these prices and you can see that  
19 they're running very close investment versus revenue  
20 value, reserve value, which makes the economic look  
21 awful poor for drilling additional wells.

22 You have the other wells on there. The Federal AB,  
23 total investment thirty-eight thousand eight hundred  
24 thirty has main reserves of 105,000,000 cubic feet and  
25 4740 barrels of oil or roughly \$45,000. This is a



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1 fairly break-even investment.

2 The Federal CI costs \$46,000 and we expected to  
3 return forty-one thousand nine hundred and twenty. It  
4 was a bad investment.

5 The Federal CM cost us seventy-two thousand five  
6 hundred. It was drilled to 2000 feet and the estimated  
7 return was sixty-two thousand seven hundred eighty which  
8 is another bad investment. Because of this poor return,  
9 we are very hesitant to drill additional wells. We will  
10 drill them on 320-acre spacing as warranted and we do  
11 not feel that less than 320-acre spacing is justified  
12 for producing or for developing this gas field. If the  
13 reserves are there and we cannot drill them, there will  
14 be no conservation and the reserves will be lost.

15 Q It would be a waste of natural gas in the same place?

16 A Right.

17 Q Mr. Mahfood, is there any significance to the fact to the  
18 production history which is on these wells correlating  
19 one to the other, indicating areas of drainage?

20 A Yes. We see a rapid decline in the first three or four  
21 months and then even off in rather slight degrees. We  
22 see this and the degrees would be where it declined to  
23 6,581,000 in June. And actually hit a bottom of  
24 212 mcf. a day. It's up this 8.65 million which is  
25 approximately 3127 mcf. per day. These were not

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1 producing all the time. They automatically shut in.  
2 When the plant goes down, they shut in. We see that the  
3 AB and the CI, they're awful close for July and August.  
4 There is just 6000 in this AB difference and about  
5 14,000 more in the CI in August.

6 Q Do you think that indicates they're drainage patterns  
7 are somewhat similar?

8 A That should certainly seem to be similarity in production  
9 rates.

10 Q Please refer to what's been marked as Exhibit 4, being  
11 the C 116 form GOR test made in the field and explain  
12 only the significance of this exhibit.

13 A Well, the gas-oil ratios are taken as required in the  
14 order and show that the gas-oil ratios in the four gas  
15 wells are still or above 10,000 to 1. You see, the  
16 Federal AB in July with 16,940 gas-oil ratio; the CM at  
17 143,200 gas-oil ratio; the Greasewood has made no fluid  
18 at all, that's why its gas-oil ratio is infinite.  
19 The Mobil IV has a ratio of 10,000 to 340 and the previous  
20 gas-oil ratio is for the first part of '73.

21 We saw the Greasewood had an infinite ratio; the CI  
22 had a ratio of 11,008; the AB had a ratio of 17,940;  
23 the CM was not drilled then, was not completed then.

24 Q Mr. Mahfood, have you run any interference bottom hole  
25

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1 pressure guesses on these wells?  
2 A No, we have not. The plant was designed for 5,000,000,  
3 and at the present time, for the past six months we  
4 have been operated at minus. We could not afford a  
5 shut in of these wells even for a bottom hole pressure  
6 and calculations indicate that it will take approximately  
7 15 days to get built up showing the 320-acre drainage.  
8 Of course, to get interference test it would probably  
9 take in the neighborhood of five months to prove  
10 interference.  
11 Q Do you have an opinion as to whether these gas wells  
12 can reasonably be expected to drain 320 acres?  
13 A Yes, sir. I believe they will drain 320. We are fairly  
14 sure of it as contiguous. The porosity is contiguous  
15 and the production history, although it's too early to  
16 confirm it, does indicate similarities in their  
17 producing characteristics.  
18 Q You ask the Commission to continue the distinction  
19 between gas and oil wells at 10,000 to 1?  
20 A Yes, sir. I would ask that they do that.  
21 Q You have no objection to the reduction of the GOR limiting  
22 factor of 2000 to 1?  
23 A No, we have no objection to that.  
24 MR. LOSEE: That's all I have of this witness.  
25 MR. UTZ: Questions of the witness?

1 (No response.)

2 CROSS-EXAMINATION

3 BY MR. UTZ:

4 Q You're basing your contention of drainage to the  
5 continuity of the formation?

6 A That's correct.

7 Q You have no idea what the bottom hole pressures are at  
8 this time?

9 A At the least hearing we presented bottom hole pressures  
10 on the C.I. No. 1 and on the Greasewood at 424 and  
11 427. And there were just three-pound separation between  
12 them which is about the accuracy of our measurements.

13 On the AB, we had a surface pressure of 388 pounds,  
14 I believe. No, it's the BD, 388 pounds on the surface  
15 pressure on the CM Federal. However, we did not shoot  
16 the fuel level on this so it's a little difficult to  
17 determine just what the bottom hole pressure was. I made  
18 several trips out there to do this and each time I was  
19 unable to get into the well. And on the AB, the surface  
20 pressure was 341 absolutely on March the 17th. The well  
21 has a pump jack on it. It was locked up. We do not  
22 know what the depth of the fluid is, but I feel reasonably  
23 sure that it is all within the original 424.

24 MR. LOSEE: I want to hand you what I've just marked  
25 as Exhibit 5 and ask if that's the surface pressures

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that were taken on these wells?

THE WITNESS: That is correct. This is the surface pressure that was reported as required by the order.

MR. UTZ: Any other questions of the witness?

(No response.)

MR. UTZ: If there are none, the witness may be excused.

MR. LOSEE: I move the introduction of Exhibits 1 through 5.

MR. UTZ: Without objection, Exhibits 1 through 5 will be entered into the record of this case. Statements in the case?

(No response.)

MR. UTZ: The case will be taken under advisement.

-oOo-

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1 STATE OF NEW MEXICO )  
2 ) SS  
3 COUNTY OF BERNALILLO )

4 I, CLAUDIA FAHRENTHOLD, a court reporter in and for  
5 the County of Bernalillo, State of New Mexico, do hereby  
6 certify that the foregoing and attached Transcript of  
7 Hearing before the New Mexico Oil Conservation Commission  
8 was reported by me; and that the same is a true and correct  
9 record of the said proceedings to the best of my knowledge,  
10 skill and ability.

11 Claudia Fahrenthold  
12 COURT REPORTER

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22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
24 the Examiner hearing of Case No. 4745  
25 heard by me on Sept 11, 1975 19 75  
[Signature] Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

August 22, 1973

EXAMINER HEARING

-----  
IN THE MATTER OF: )  
 )  
Case No. 4745 being reopened )  
pursuant to the provisions )  
of Order No. R-4365, which )  
order established special )  
rules and regulations for )  
the Penasco Draw San Andres- )  
Yeso Pool, Eddy County, )  
New Mexico, including a )  
provision for classification )  
of oil wells and gas wells, )  
the spacing thereof, and a )  
limiting gas-oil ration of )  
3000 to 1. )  
-----

Case No. 4745

BEFORE: Richard L. Stamets,  
Examiner.

TRANSCRIPT OF HEARING

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MR. STAMETS: Case 4745.

MR. DERRYBERRY: Case 4745: Continued from the August 9th, 1973, Examiner Hearing. In the matter of Case No. 4745 being reopened pursuant to the provisions of Order No. R-4365, which order established special rules and regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, including a provision for classification of oil wells and gas wells, the spacing thereof, and a limiting gas-oil ratio of 3000 to 1.

The Commission has received a call from Mr. Jerry Losee, attorney for Yates Oil Company, requesting that the hearing on this matter be postponed to September 9th, 1973.

MR. STAMETS: Case 4745 will be continued to the September 9th, 1973 hearing. This hearing is adjourned.

\* \* \* \*



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1 STATE OF NEW MEXICO )  
 2 ) SS  
 3 COUNTY OF BERNALILLO )  
 4  
 5 I, RICHARD E. McCORMICK, a Certified Shorthand  
 6 Reporter, in and for the County of Bernalillo, State of New  
 7 Mexico, do hereby certify that the foregoing and attached  
 8 Transcript of Hearing before the New Mexico Oil Conservation  
 9 Commission was reported by me; and that the same is a true  
 10 and correct record of the said proceedings to the best of  
 11 my knowledge, skill and ability.  
 12  
 13 *Richard E. McCormick*  
 14 CERTIFIED SHORTHAND REPORTER  
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 22 I do hereby certify that the foregoing is  
 23 a complete record of the proceedings in  
 24 the Examiner hearing of Case No. 4745,  
 25 heard by me on August 22, 1973.  
*Richard L. Stamm*, Examiner  
 New Mexico Oil Conservation Commission

dearnley, meier & associates

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
August 9, 1973

EXAMINER HEARING

IN THE MATTER OF:

) Case No. 4745

) Provisions of Order No. R-4365, which  
) established special rules and regulations  
) for the Penasco Draw San Andres-Yeso Pool,  
) Eddy County, New Mexico.  
)

BEFORE: ELVIS A. UTZ,  
Examiner.

TRANSCRIPT OF HEARING



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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

June 28, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum  
Corporation for pool redefinition and  
special pool rules, Eddy County,  
New Mexico.

CASE NO. 4745

BEFORE: Elvis A. Utz  
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. UTZ: Case Number 4745.

2 MR. HATCH: Application of Yates Petroleum

3 Corporation for pool redefinition and special pool rules,

4 Eddy County, New Mexico.

5 MR. LOSEE: A. J. Losee, representing the

6 Applicant. I have one witness that I would like to have

7 sworn.

8 \* \* \* \* \*

9 EDDIE MAHFOOD,

10 was called as a witness and after being duly sworn, testified

11 as follows:

12 DIRECT EXAMINATION

13 BY MR. LOSEE:

14 Q State your name, residence and occupation, please.

15 A Eddie Mahfood, Artesia, New Mexico, petroleum engineer.

16 Q You are the witness who testified as an engineer in

17 the last case and your qualifications were acceptable?

18 A Yes.

19 Q What is the purpose of the Application of Yates

20 Petroleum Corporation in Case 4745?

21 A We would like to add special temporary rules to the

22 existing Order, R-3169, dated December 28, 1966. We

23 are referring to the Penasco Draw San Andres-Yeso Pool.

24 These special rules will open up the market for some

25 shut-in gas and I am referring to casinghead gas.

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1 Q And, among other things, these pool rules do what,  
2 Mr. Mahfood?

3 A They will set -- they will designate and redefine the  
4 pool as an oil and gas pool and they will set 320 acre  
5 spacing for gas wells with no change in oil wells.

6 They will set a gas-oil limit -- a gas-oil ratio  
7 limit of 10,000 to 1 for a designated gas well and for  
8 an oil well they will set a gas-oil ratio of 3000 to 1.  
9 They will permit the commingling of casinghead gas  
10 which will be allocated back to the leases on a gas-oil  
11 ratio test basis rather than by individual metering.

12 Q Will they also permit commingling on surface gas  
13 production before metering on a lease basis?

14 A That is correct. The existing pool permits this and  
15 we would like to continue commingling.

16 Q But as far as casinghead gas is concerned, you want  
17 to gather all the casinghead gas into one common source  
18 and then meter the allocation back to the leases, based  
19 on periodic gas-oil ratio tests?

20 A Yes.

21 Q Please refer to what has been marked as Exhibit 1 and  
22 explain what is shown on this Exhibit.

23 A Exhibit 1 is an ownership map showing -- from the map  
24 it is obvious that Yates Petroleum owns considerable  
25 acreage and there are federal, state and fee leases.

dearniey, meier &amp; mc cormick

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1 Q At this point, does anyone else operate any wells  
2 in this Penasco Draw San Andres-Yeso Pool?

3 A No, all the San Andres completions are owned and  
4 operated by Yates Petroleum Corporation.

5 Q Can you give the Examiner a little history on when  
6 pool development commenced and the number of wells  
7 presently producing?

8 A The first well was drilled back in 1961 and that was  
9 the San Thomas well; at that time I think it was  
10 considered a dry hole. In 1969, Yates Petroleum went  
11 back and started developing this pool by drilling and  
12 developing this field in Sections 24, 25, and 36.

13 Q Do you know approximately how many wells are producing  
14 at this time in the field?

15 A Something like 23 wells.

16 Q Let's refer to what has been marked as Exhibit 2, and  
17 will you explain what is shown on this Exhibit?

18 MR. UTZ: Let me ask a question at this point so  
19 I can follow the testimony a little better. This is the  
20 Penasco Draw San Andres-Yeso Pool?

21 THE WITNESS: This is correct.

22 MR. UTZ: Do you know what the horizontal limits  
23 of that pool are?

24 THE WITNESS: From Section 31 --

25 MR. UTZ: Is that from a Commission order that you

1           testifying from?

2           THE WITNESS: Yes -- oh, no, I don't know how  
3 the Commission order rules, but Section 31 of 18, 26, has  
4 one well completed in the Penasco Draw. We have wells in  
5 Sections 24, 25, 26, 34, 36, of 18, 25, and we have wells  
6 in the N/2 of 19, 25.

7           MR. UTZ: I am trying to get into the area here  
8 so I know what you are talking about. I think I am close  
9 enough now so you can continue.

10          A       (Continuing) Exhibit 2 is an aerial map showing the  
11 relationship of the Penasco Draw on Eagle Creek to  
12 the city of Artesia. As I said earlier, the Penasco  
13 Draw extends to the SW from Section 30 of 18, 26 and  
14 Section 24 of 18, 25.

15                 It extends through the N/2 of 19, 25, and Eagle  
16 Creek has a cluster of wells in 17, 25.

17          Q       Please turn to what has been marked as Exhibit 3 and  
18 explain what is shown by this Exhibit.

19          A       Exhibit 3 is a structure map based on the top of the  
20 slaughter and shows the San Andres pay.

21                 You will notice from the performance that the  
22 porosity on the north-south line varies. There is a  
23 difference in thickness from well to well. Generally,  
24 the porosity seems to be continuous in the SW to NE  
25 direction. When drilling these wells, it is like



1 drilling rockhead and insofar as risks in drilling  
2 are concerned excessive drilling would be, you know,  
3 an added risk.

4 Q Now, on this map, that you have been referring to,  
5 Exhibit 3, which wells under your definition would be  
6 gas wells?

7 A We know that the Mobil C well in Section 6, 19, 25, --

8 MR. UTZ: Which Exhibit are you referring to?

9 THE WITNESS: I'm still on Exhibit 3.

10 A (Continuing) The Crestwood "B" and the Nicolas "B" in  
11 Section 5, 19, 25; the Johnston "BE" and the State  
12 Thomas well, immediately below it, these wells we know  
13 will give up gas in the slaughter and the well in  
14 Section 4 should give up gas, but while drilling it they  
15 didn't get a great deal of gas from that well.

16 Q Now, your Exhibits 4-A, 4-B, 4-C, 4-D and 4-E are  
17 logs of these wells that either are completed as gas  
18 wells, or, in your opinion, will be; is that correct?

19 A This is correct.

20 Q Explain what you think is important on these Exhibits.

21 A Well, I have shown porosities here, by coloring the  
22 neutron logs and in some instances, the sonic logs.  
23 I have marked the top of the slaughter on each of these  
24 logs and I think they all correlate pretty well. You  
25 will notice that the net pay varies from well to well

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1 and that the cross-sections of this would indicate  
2 considerable fingering.

3 I have on these logs, noted the geology remarks  
4 and findings in the samples and my suspicions of the  
5 gas-oil contacts. On 4-A, we found the gas-oil contact  
6 at approximately 1330 feet. The well was completed at  
7 1320 to 1390 and from the porosity you see that 1320 to  
8 1330 is not very good porosity and this well probably  
9 did not give up very much hydrocarbon.

10 From the perforation of 1480 to 1500, it was still  
11 producing oil.

12 The Crestwood "B", Exhibit 4-B, shows no gas above  
13 1280 feet and consequently the well was perforated at  
14 1290 to 1332, in the slaughter, and perforated in the  
15 Penasco zone as about 1590 which is not complete on  
16 this map. Shortly after they completed the well, the  
17 well commenced making an amount of gas and some 150  
18 million cubic feet of gas was produced before four and  
19 one-half inch casing was run in the well which isolated  
20 the gas zone, which is the slaughter zone.

21 Exhibit 4-C is the Johnston "BE" well and the  
22 gas-oil contact was at 1230 feet and it was subsequently  
23 perforated at 1270 to 1320 and 1440 to 1495. In the  
24 last perforation, the well gave up oil for awhile and  
25 because it was a very tight formation, it became

1 uneconomical so the well was temporarily abandoned.  
2 The well was subsequently deepened for a Morrow  
3 completion.

4 In the Nicolas "BJ" gas was found only in the  
5 slaughter zone and the well was completed at 1480 to  
6 1492, producing from the LDY zone as an oil well.

7 The Federal C Number 1 is a new completion and  
8 was completed in the Morrow, I believe, in April of  
9 this year. We expected to find gas and we did. It  
10 was perforated in the slaughter zone.

11 Q Let me ask you one other question, Mr. Mahfood, none of  
12 these gas wells are connected, at this time?

13 A No.

14 Q And what about your casinghead gas in these other wells?

15 A They are not connected either.

16 Q That is really one of the purposes of your Application,  
17 to get into a position to have a market for this  
18 casinghead gas?

19 A Yes. We have negotiated with Skelly and Phillips and  
20 several other companies to come and pick up the casinghead  
21 gas and so far each has turned us down for the reason that  
22 it would be uneconomical for them to come pick it up.

23 Q Please turn to Exhibit 5-A, 5-B and 5-C, the four  
24 point tests on the Mobil, the Crestwood, and the  
25 Johnston wells.

1 A Well, these Exhibits just indicate that these wells  
2 were completed as gas wells. The Mobil well, which,  
3 at this time, is east of them all, does have a 30,000  
4 gas-oil ratio and this is within a short time after  
5 completion, so it is possible that this ratio might  
6 get higher and higher as we produce it. Exhibit 5-B  
7 is the four point test on the Crestwood "B". It  
8 had a 3.2 open-flow production.

9 The Johnston "B" open-flowed at 2 and 1/2 million  
10 per day.

11 Q Please turn to what has been marked as Exhibit 6 and  
12 explain what it shows.

13 A Exhibit 6 is the formation pressure on the Crestwood  
14 and Mobil Number 1. The information shown on this  
15 Exhibit, even though these wells are located almost a  
16 mile apart, the information would show, in my opinion,  
17 that there is communication between the two wells.

18 Q Have you produced either one of these wells?

19 A The Crestwood "B" was produced.

20 Q And it has been shut-in for how long a period?

21 A Except for three or four days of testing, the Crestwood  
22 "B" has been shut-in for nearly four years.

23 Q Prior to the shut-in, have you estimated how much  
24 gas was produced out of it?

25 A I estimated 150 million cubic feet and after that

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1 production, there was just a three point difference  
2 in bottom hole pressure and this would indicate to me  
3 that there is communication.

4 Q Turning to what has been marked as Exhibit 7, will you  
5 explain what is shown by this Exhibit?

6 A Exhibit 7 is a formula taken from Kraft and Hawkins  
7 and it indicates that for 320 acre spacing, there will be  
8 308 MCF per day before hitting the imaginary boundary.  
9 If we go to 320 acre spacing, we will be getting into  
10 interference from the next well. 160 acre spacing would  
11 give us 320 MCF before we got interference from the  
12 abutting 160 acre unit.

13 The difference is approximately four percent.

14 Q Does that calculation indicate that one well would  
15 support 320 acres?

16 A We would be inclined to believe that one well would  
17 drain 320 acres.

18 Q Please turn to what has been marked as Exhibit 8 and  
19 which is a calculation of economics on 320 acres plus  
20 160 acre spacing. Before you talk about this spacing,  
21 would you talk about the costs and those items?

22 A I have here an estimate of what the costs would be  
23 get 4 million cubic feet of gas and what the cost would  
24 be for a completion for this 4 million cubic feet of  
25 gas and what it would cost to set up facilities to treat

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1 the gas so it could be sold to transmission companies.  
2 The total investment would be approximately \$400,000  
3 over three years at 8.4 percent or \$12,560 a month. The  
4 operating expenses would be \$6,440 a month for a total  
5 expense of \$19,000 per month for 120 million cubic feet  
6 per month, or the equivalent of 15.83 cents per thousand.

7 In addition, the shrinkage of gas would be 9 percent  
8 so you are talking about 11.4 cents per thousand before  
9 income tax. If we go to 160 acre spacing for a given  
10 area, we would probably have to drill more offset wells  
11 and this would double the investment and the wells  
12 would either have to produce at half capacity or we  
13 would have to put in a larger facility which would be  
14 approximately double the investment for treating.

15 So, going on 160 acre spacing would mean a double  
16 pay-out.

17 Q Exhibits 9-A and 9-B show the gas-oil ratio tests in  
18 this field and the Eagle Creek field to the NW; is that  
19 correct?

20 A That is correct.

21 Q Are they similar reservoirs?

22 A Yes, except that the Penasco Draw has apparently a  
23 deeper gas-oil contact than Eagle Creek.

24 Q What is the purpose of this Exhibit?

25 A The purpose of the Exhibit is to show that the gas-oil

1 ratio has not changed.

2 Q And by your proposed rules, you would gather all of the  
3 casinghead gas in the Penasco Draw field and allocate  
4 it back on periodic tests for the gas-oil ratio?

5 A Yes.

6 Q Would you explain to the Examiner why you think 10,000  
7 to 1 is the proper GOR for the gas wells in this field?

8 A Well, we are proposing to continue to commingle the lower  
9 oil zones with the slaughter wells and where the slaughter  
10 might be gas, the lower wells might be oil -- rather the  
11 lower wells would be tight, and give up too much oil and  
12 we feel that 10,000 would be sufficient to designate the  
13 well as a gas well.

14 Q You are limiting the GOR to 3,000 on oil wells?

15 A As we approach the gas-oil contact, we still might have  
16 some gas from the slaughter, but mostly oil from the  
17 lower slaughter..

18 Q Do you have an opinion that, by reason of economics, the  
19 commingling of this casinghead gas by metering the pool,  
20 that the allocation factor based on a periodic GOR test  
21 would prevent waste?

22 A Yes.

23 Q Were Exhibits 1 through 9 -- were all of the Applicant's  
24 Exhibits prepared by you or under your supervision?

25 A Yes.

1 MR. LOSEE: We move for the introduction of  
2 Exhibits 1 through 9, inclusive.

3 MR. UTZ: Exhibits 1 through 9 will be entered  
4 into the record of this case without objection.

5 (Whereupon, Applicant's Exhibits 1 through 9,  
6 inclusive, were entered in evidence.)

7 MR. LOSEE: That's all I have on Direct, Mr.  
8 Examiner.

9 \* \* \* \* \*

10 CROSS-EXAMINATION

11 BY MR. UTZ:

12 Q Mr. Mahfood, I am a little unclear as to exactly what  
13 you are asking for in the way of metering. Are you  
14 asking that the gas wells as well as the oil wells be  
15 commingled prior to metering?

16 A No, the gas wells will be metered as they give up quite  
17 a bit of gas, but the oil wells are going to give up  
18 a very small quantity of casinghead gas and for these  
19 reasons -- and a little bit of oil, and for these  
20 reasons we felt the casinghead gas should not be  
21 metered individually, but prorated back on a gas-oil  
22 ratio test basis.

23 Q So that any well with a 10,000 to 1 GOR or more, would  
24 be classified as a gas well?

25 A That is correct, and it would be metered separately.



- 1 Q Have those wells been producing at all in the last  
2 couple of months?
- 3 A No, just for testing -- are you talking about the gas  
4 wells?
- 5 Q That's right.
- 6 A Just the Mobil Federal, the others have been shut-in.
- 7 Q How about the oil wells, have they been produced?
- 8 A Yes, the oil wells are continuously being produced.
- 9 Q And they all produce gas?
- 10 A Yes, sir.
- 11 Q I am looking at April 1st, and you didn't report any  
12 gas production?
- 13 A No, we have never been required to report gas volumes  
14 because -- incidentally, let me back up a moment. The  
15 tests were taken for the most part by Phillips because  
16 they have the equipment to do it independently and  
17 we persuaded them to run these tests for us because at  
18 the moment we haven't got the facilities for testing.
- 19 Q Is gas being flared?
- 20 A Yes.
- 21 Q Aren't you required to estimate the flaring volume?
- 22 A Sir, we have filed an exemption from the no flare order  
23 in which we state the estimated gas being flared.
- 24 Q But you don't report it on your 115?
- 25 A No, sir.

1 Q I am not sure whether that is proper or not. It is  
2 pretty difficult to figure out what is going on when  
3 you look at the 115 and you know well is producing gas  
4 and there is no volume listed. So, in essence, you  
5 are asking for a redefinition of the pool, what kind of  
6 redefinition are you asking for?

7 A To define an oil and gas pool.

8 Q An associated pool?

9 A An associated pool, correct.

10 Q And to commingle the casinghead gas before sale?

11 A This is correct.

12 Q So that you can sell the dry gas and make a commercial  
13 economic venture?

14 A Yes, sir, commingled gas will be metered by commingling  
15 it with gas well gas.

16 MR. UTZ: Any further questions?

17 \* \* \* \* \*

18 CROSS EXAMINATION

19 BY MR. HATCH:

20 Q I think this has already been answered, but the docket  
21 reads: "Applicant further seeks authority to commingle  
22 on the surface gas production from various wells prior  
23 to metering and to report said gas production on a lease  
24 basis."

25 Now, that is not what you wish to do, is it?

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1 A If you will read rule 11, the first rule, it says:  
2 "A gas well will be metered separately." In all  
3 probability we will measure on a per-well basis.  
4 MR. UTZ: Well, if you don't, you will have an  
5 exception for it because we require all gas wells be metered  
6 separately.  
7 THE WITNESS: This is kind of difficult. Perhaps  
8 we ought to have an exception to rule 402, in that we are  
9 still getting information.  
10 Q (By Mr. Hatch) I think that brings up my next question.  
11 As far as gas wells are concerned, there may be -- you  
12 may be applying the commingling on a lease without  
13 metering each well, but the casinghead gas would be  
14 commingled across lease lines?  
15 MR. LOSEE: Yes.  
16 A Yes.  
17 MR. LOSEE: I think the proposed rules call for  
18 that and I think that is the way it was advertised. I  
19 frankly don't think the question on gas well gas from a well  
20 or a lease basis really is ever going to be determined because  
21 I don't think they have enough leases and probably are not  
22 going to have many wells across lease lines. But that is  
23 the way it was advertised and really, the proposed rule says:  
24 "On a lease basis."  
25 MR. UTZ: Any other questions?

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1 (No response.)  
2 MR. UTZ: If not, the witness may be excused.  
3 (Witness excused)  
4 MR. UTZ: Any statements in this case?  
5 (No response.)  
6 MR. UTZ: The Case will be taken under advisement.  
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25I N D E XWITNESS:PAGEEDDIE MAHFOOD

Direct Examination by Mr. Losee	3
Cross-Examination by Mr. Utz	14
Cross-Examination by Mr. Hatch	16

E X H I B I T SAPPLICANT'SOFFEREDADMITTED

## Yates Petroleum Corporation

Exhibit Number 1	4	14
Exhibit Number 2	5	14
Exhibit Number 3	6	14
Exhibits Numbers 4-A, 4-B, 4-C 4-D, 4-E	7	14
Exhibits Numbers 5-A, 5-B, 5-C	9	14
Exhibit Number 6	10	14
Exhibit Number 7	11	14
Exhibit Number 8	11	14
Exhibit Number 9-A & 9-B	12	14



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

I. R. TRUJILLO  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

October 15, 1973

Mr. A. J. Losee  
Losee & Carson  
Attorneys at Law  
Post Office Drawer 239  
Artesia, New Mexico 88210

Re: CASE NO. 4745

ORDER NO. R-4365-A

Applicant:

Yates Petroleum

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC   x    
Artesia OCC   x    
Aztec OCC       

Other \_\_\_\_\_  
\_\_\_\_\_





BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4745  
Order No. R-4365-A

IN THE MATTER OF CASE NO. 4745 BEING  
REOPENED PURSUANT TO THE PROVISIONS  
OF ORDER NO. R-4365, WHICH ORDER  
ESTABLISHED SPECIAL RULES AND REGULATIONS  
FOR THE PENASCO DRAW-SAN ANDRES-YESO POOL,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 19, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of October, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4365, dated August 28, 1972, temporary special rules and regulations were promulgated for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, establishing 40-acre spacing units for oil wells, 320-acre spacing units for gas wells, providing for classification of oil wells and gas wells and imposing a limiting gas-oil ratio of 3000 to 1.

(3) That pursuant to the provisions of Order No. R-4365, this case was reopened to allow operators in the subject pool to appear and show cause why the special rules and regulations promulgated by that order should not be discontinued and why the limiting gas-oil ratio of 3000 to 1 should not be reduced.

(4) The evidence establishes that the gas area of the subject pool can be efficiently and economically drained and developed on 320-acre spacing and that the oil area of the subject pool can be efficiently and economically drained and developed on 40-acre spacing.

(5) That the applicant has submitted evidence indicating that the limiting gas-oil ratio should be lowered to 2,000 to 1.

(6) That the Special Rules and Regulations promulgated by Order No. R-4365 as modified by this order will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4365, with the exception of the limiting gas-oil ratio established therein, should be continued in full force and effect until further order of the Commission.

(8) That the limiting gas-oil ratio in the subject pool should be reduced to 2000 to 1.

IT IS THEREFORE ORDERED:

(1) That Rule 6 of the Special Rules and Regulations governing the Penasco Draw San Andres-Yeso Pool as promulgated by Order No. R-4365 is hereby amended to read in its entirety as follows:

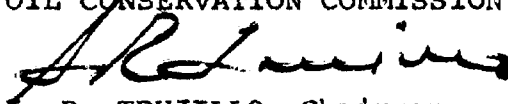
"RULE 6. That the limiting gas-oil ratio shall be 2,000 cubic feet of gas for each barrel of oil produced."

(2) That the Special Rules and Regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, as promulgated by Order No. R-4365, and as modified by this order, are hereby continued in full force and effect until further order of the Commission.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

  
ALEX J. ARMIJO, Member

  
A. L. PORTER, Jr., Member & Secretary

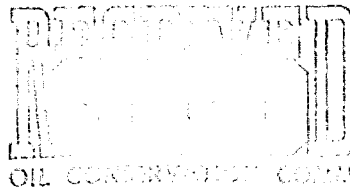
dr/

A. J. LOSEE  
JOEL M. CARSON

LAW OFFICES  
**LOSEE & CARSON, P.A.**  
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P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

AREA CODE 505  
746-3508

22 August 1973



Mr. Bill Carr, Attorney  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Bill:

This will confirm my telephone conversation yesterday, requesting that you continue until September 19, 1973, Case No. 4745, being the application of Yates Petroleum Corporation for 320-acre gas proration units, Penasco-San Andres-Yeso Field, Eddy County, New Mexico.

Very truly yours,

LOSEE & CARSON, P.A.

  
A. J. Losee

AJL:jw

cc: Mr. Eddie Mahfood,  
Yates Petroleum Corporation

DOCKET MAILED

Date 9-7-73

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4745  
Order No. R-4365

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR POOL REDEFINITION  
AND SPECIAL POOL RULES, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 28th day of August, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Yates Petroleum Corporation, seeks the promulgation of special rules and regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, including provisions for the classification of oil and gas wells, 40-acre spacing for oil wells, 320-acre spacing for gas wells, and a limiting gas-oil ratio of 3,000 to one.
- (3) That the applicant further seeks authority to commingle on the surface production from gas wells prior to metering and to report said gas on a lease basis.
- (4) That the applicant further seeks authority to commingle on the surface all casinghead gas prior to metering and to allocate said casinghead gas to the various wells on the basis of gas-oil ratio tests.
- (5) That while the Penasco Draw San Andres-Yeso Pool is presently classified as an oil pool, the evidence adduced indicates that it is in fact an "associated" reservoir.
- (6) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 320-acre spacing, and that the oil area

-2-

CASE NO. 4745  
Order No. R-4365

can be efficiently and economically drained and developed on 40-acre spacing.

(7) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(8) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons.

(9) That temporary special rules and regulations providing for 320-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to 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, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for a gas-liquid ratio of 2,000 cubic feet of gas per barrel of liquid hydrocarbons until such time as the pool has gas gathering and transportation facilities, and thereafter a limiting gas-oil ratio of 3,000 to 1, in order to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(11) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(12) That this case should be reopened in August, 1973, at which time the operators in the subject pool should be required to establish that a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons will effectively maintain the gas-oil contact in the subject pool, and that the special rules and regulations should be continued in effect.

(13) That the applicant's request to commingle on the surface gas production from gas wells prior to metering and to report said gas production on a lease basis should be denied.

(14) That the applicant's request to commingle on the surface casinghead gas production prior to metering and to allocate said casinghead gas to the various wells on the basis of gas-oil ratio tests should be approved.

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CASE NO. 4745  
Order No. R-4365

IT IS THEREFORE ORDERED:

That, effective September 1, 1972, temporary Special Rules and Regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
PENASCO DRAW SAN ANDRES-YESO POOL

RULE 1. Each well completed or recompleted in the Penasco Draw San Andres-Yeso Pool or in the San Andres or Yeso formations within one mile thereof, and not nearer to or within the limits of another designated San Andres or Yeso pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard unit.

RULE 2. (b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2(a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental quarter section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of a quarter-quarter section.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall remain 2,000 cubic feet of gas for each barrel of oil produced until such time as there are in operation in the pool gas gathering and transportation facilities, and thereafter the limiting gas-oil ratio shall be 3,000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas

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CASE NO. 4745  
Order No. R-4365

allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 10,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. Gas-liquid ratio tests shall be taken on all wells during the months of January and July of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Artesia Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the Commission's Artesia Office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's Artesia Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

RULE 12. That the initial gas proration period shall be from 7:00 a.m. September 1, 1972, to 7:00 a.m. January 1, 1974. Subsequently, the date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable



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CASE NO. 4745  
Order No. R-4365

assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the

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CASE NO. 4745  
Order No. R-4365

well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

IT IS FURTHER ORDERED:

(1) That the applicant's request to commingle on the surface gas production from gas wells prior to metering and to report said gas production on a lease basis is hereby denied.

(2) That the applicant is hereby authorized to commingle prior to measurement all casinghead gas production from its wells producing from the Penasco Draw San Andres-Yeso Pool and to allocate the casinghead gas production to each of said wells on the basis of the latest gas-oil ratio tests, provided however, such commingling shall be permitted only between leases of identical ownership throughout, including working interest, royalty interest, and overriding royalty interest. Casinghead gas from any lease of varying ownership shall be continuously metered prior to commingling with gas from any other lease.

(3) That the locations of all wells presently drilling to or completed in the Penasco Draw San Andres-Yeso Pool or in the San Andres or Yeso formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before September 15, 1972.

(4) That all operators shall, prior to September 15, 1972, file with the Commission Form C-102 for each well showing the acreage dedicated to the well.

(5) That all operators shall take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Form C-116 prior to October 1, 1972; that the daily tolerance provision of Commission Rule 502 I is hereby waived for the purpose of testing wells at the allowable rate authorized by these rules.

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CASE NO. 4745

Order No. R-4365

(6) That this case shall be reopened at an examiner hearing in August, 1973, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.

(7) That the Special Rules and Regulations for the Penasco Draw San Andres-Yeso Pool herein promulgated shall be in addition to the Special Rules and Regulations promulgated for said pool by Order No. R-3169.

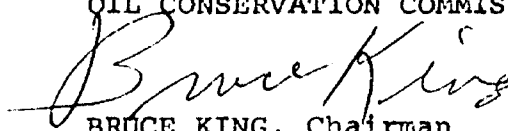
(8) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing gas wells in the Penasco Draw San Andres-Yeso Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a gas well or to obtain a non-standard unit approved by the Commission by September 15, 1972, shall subject the well to cancellation of allowable.

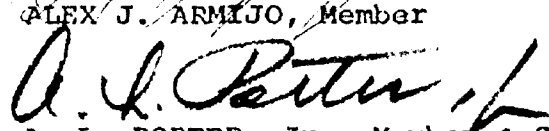
(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

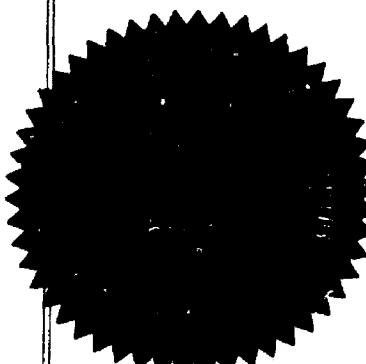
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMIJO, Member

  
A. L. PORTER, Jr., Member & Secretary

  
S E A L

dr/

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 19, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 4745: (Reopened) (Continued from the August 22, 1973, Examiner Hearing)

In the matter of Case No. 4745 being reopened pursuant to the provisions of Order No. R-4365, which order established special rules and regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, including a provision for classification of oil wells and gas wells, the spacing thereof, and a limiting gas-oil ratio of 3000 to 1. All interested parties may appear and show cause why said pool rules should remain in effect.

CASE 5047: (Continued and Readvertised)

Application of Chace Oil Company for the amendment of Order No. R-4555, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations for the South Lindrith Gallup-Dakota Pool, Rio Arriba County, New Mexico, as promulgated by Order No. R-4555, to provide for the classification of oil wells and gas wells, the assignment of 320-acre units to gas wells, and to provide for approval of unorthodox locations for wells drilled as oil wells but classified as gas wells upon completion.

CASE 5063: Application of Shell Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Sanger Well No. 6Y to be located 1220 feet from the North line and 180 feet from the West line of Section 27, Township 18 South, Range 38 East, Hobbs Pool, Lea County, New Mexico.

CASE 5064: Application of Exxon Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its South Carlsbad 2 Gas Com. Well No. 1 located in Unit J of Section 27, Township 23 South, Range 26 East, Eddy County, New Mexico, to produce gas from the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools through the casing-tubing annulus and tubing, respectively.

CASE 5065: Application of Roberts, Koch & Cartwright for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Deer Canyon Unit Area comprising 10,620 acres, more or less, of Federal and State lands in Township 20 South, Range 21 East, Eddy County, New Mexico.

CASE 5057: (Continued and readvertised)

Application of Coquina Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 390 feet from the South and East lines of Section 12, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of Section 12 to be dedicated to the well. In the alternative, applicant seeks approval of an unorthodox location 660 feet from the South and East lines of said Section 12.

CASE 5066: Application of Burleson & Huff for a non-standard gas proration unit and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NE/4 of Section 29, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Coll Well No. 1-A located in Unit G of said Section 29.

Applicant further seeks an order of the Commission pooling all mineral interests in the Jalmat Gas Pool underlying the aforesaid quarter section. Also to be considered will be the cost of recompleting said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in recompleting said well.

CASE 5067: Application of American Quasar Petroleum Co. of New Mexico for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dune Unit Area comprising 2,576 acres, more or less, of Federal and Fee lands in Township 23 South, Range 31 East, and Township 24 South, Ranges 30 and 31 East, Lea County, New Mexico.

CASE 5068: Southeastern nomenclature case calling for the creation and extension of the vertical and horizontal limits of certain pools in Lea County, New Mexico:

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Townsend-Strawn Pool, with special vertical limits defined as being the Strawn formation from 11,325 feet to 11,535 feet as on the log of the discovery well, the Ralph E. & J. C. Williamson Harrod State No. 1 in Unit U of Section 4, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 4: SW/4

(b) Extend the vertical limits of the Tubb Gas Pool in Lea County, New Mexico, as established by Rule 25 of the Special Rules for said pool as promulgated by Order No. R-1670, downward to include the entire interval from 100 feet above the Tubb marker to the top of the

(Case 5068 continued from Page 2)

Drinkard formation, in order to eliminate the zone of no-nomenclature which exists between the Tubb and Drinkard Pools.

(c) Extend the Bell Lake-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM  
Section 6: NW/4

(d) Extend the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 23: SW/4  
Section 26: W/2

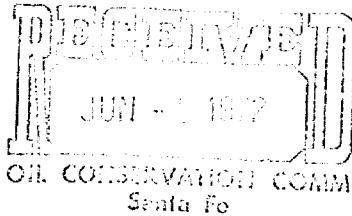
(e) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 24: NE/4



YATES BUILDING - 207 SOUTH 4TH ST.  
ARTESIA, NEW MEXICO - 88210

June 5, 1972



S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

*JA*

*Case 4745*

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Special Pool Rules for the  
Penasco Draw San Andres Pool,  
Eddy County, New Mexico

Dear Mr. Porter:

We are herewith re-submitting our application of May 19, 1972.

Very truly yours,

YATES PETROLEUM CORPORATION

*Eddie M. Mahfood*

Eddie M. Mahfood  
Petroleum Engineer

EMM/jg  
Attachments

DOCKET MAILED

Date 7-27-73

+ to Jerry Loebe  
DOCKET MAILED

DOCKET MAILED

Date 8-9-73

Date 6-13-72

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 22, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 4548: (Reopened) (Continued from the August 9, 1973, Examiner Hearing)

In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157, which order established special rules and regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5046: Application of David Fasken for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a gas well at an unorthodox location 660 feet from the South and West lines of Section 7, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, to which well the S/2 of said Section 7 would be dedicated.

CASE 5047: Application of Chace Oil Company for the amendment of Order No. R-4555, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations for the South Lindrith Gallup-Dakota Pool, Rio Arriba County, New Mexico, as promulgated by Order No. R-4555, to provide for the classification of oil wells and gas wells, the assignment of 320-acre units to gas wells, and to provide for approval of unorthodox locations for wells drilled as oil wells but classified as gas wells upon completion.

CASE 5048: Application of Roger C. Hanks for creation of a pool and special rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the South Dagger Draw-Upper Pennsylvanian Pool for his Preston Federal Well No. 1 located in Unit L of Section 35, Township 20 South, Range 24 East, Eddy County, New Mexico. Applicant further seeks the promulgation of special rules for said pool, including a provision for 320-acre spacing for all wells in said pool, for the classification of oil wells and gas wells, for a limiting gas-oil ratio of 8,000 to 1, and for the assignment of a depth bracket allowable for oil wells of 267 barrels of oil per day.

CASE 5049: Application of Mobil Oil Corporation for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Federal "LL" Well No. 1 located in Unit N of Section 13, Township 23 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to produce gas from the Canyon, Atoka, and Morrow formations through three strings of tubing.

CASE 5050: Application of Read and Stevens, Inc. for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority



(Case 5050 continued from Page 1)

to dispose of produced salt water into the Montoya formation in the perforated interval from 6225 feet to 6245 feet in its Federal "I," Well No. 1, located in Unit B of Section 21, Township 6 South, Range 27 East, Haystack-Cisco Pool, Chaves County, New Mexico.

CASE 5051: Application of Hillin Production Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Winchester-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing and specified well locations.

CASE 5052: Application of Atlantic Richfield Company for a non-standard gas proration unit and simultaneous well dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 320-acre gas proration unit comprising the NW/4, E/2 NE/4, SW/4 NE/4, and NE/4 SE/4, of Section 35, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its J. P. Combest Wells Nos. 1 and 4 located in Units H and E, respectively, of said Section 35.

CASE 5053: Southeast nomenclature case calling for the creation, extension and contraction of certain pools in Eddy and Lea Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Burton Flat-Atoka Gas Pool. The discovery well is the Monsanto Company Miller Federal No. 1 located in Unit G of Section 3, Township 21 South, Range 27 East, NMPM. Said pool described as:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 3: Lots 1 through 8

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Burton Flat-Strawn Gas Pool. The discovery well is the Monsanto Company, Burton Flat Deep Unit No. 3 located in Unit V of Section 3, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 3: S/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Canyon production and designated as the Carlsbad-Canyon Gas Pool. The discovery well is the Morris R. Antweil Randall No. 1 located in Unit K of Section 21, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 21: S/2

(d) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Happy Valley-Morrow

(Case 5053 continued from Page 2)

Gas Pool. The discovery well is The Superior Oil Company State Q Com No. 1 located in Unit L of Section 34, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 34: W/2

(e) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the LaHuerta-Morrow Gas Pool. The discovery well is the Cities Service Oil Company Cawley A Com No. 1 located in Unit K of Section 28, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 28: S/2

(f) Extend the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 28: NE/4 SE/4

(g) Extend the Fowler-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
Section 10: SE/4

(h) Extend the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 1: S/2  
Section 2: All

(i) Extend the Lea-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 24: SE/4

(j) Extend the Parrish Ranch-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 13: E/2 SE/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 18: N/2 S/2 and SE/4 NE/4

(Case 5053 continued from Page 3)

(k) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 32: W/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 5: W/2 NW/4 and NE/4 NW/4

(l) Extend the Rock Tank-Lower Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM  
Section 11: E/2, E/2 SW/4, S/2 SE/4 NW/4  
and NE/4 SE/4 NW/4

(m) Extend the Round Tank-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
Section 36: NE/4

(n) Extend the Shugart Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 12: SE/4 SE/4  
Section 13: E/2 NE/4

(o) Extend the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 34: E/2

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 2: N/2

(p) Contract the vertical limits of the Townsend Pennsylvanian Pool in Lea County, New Mexico, to include the Cisco formation only and redesignate said pool the Townsend-Cisco Pool comprising:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 4: SW/4

CASE 4745: (Reopened) (Continued from the August 9, 1973, Examiner Hearing)

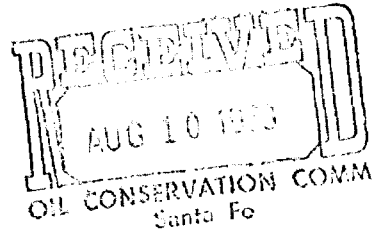
In the matter of Case No. 4745 being reopened pursuant to the provisions of Order No. R-4365, which order established special rules and regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, including a provision for classification of oil wells and gas wells, the spacing thereof, and a limiting gas-oil ratio of 3000 to 1. All interested parties may appear and show cause why said pool rules should remain in effect.



YATES BUILDING - 207 SOUTH 4TH ST.  
ARTESIA, NEW MEXICO - 88210

August 9, 1973

S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.



Mr. A. L. Porter, Jr.  
Secretary - Director  
New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: Postponement, Docket No. 22-73 Case 4745

Dear Sir:

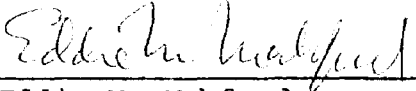
This letter confirms the telephone conversation this morning between the undersigned and Mr. R. L. Stamets. Yates Petroleum Corporation seeks postponement of Examiner Hearings in the matter of Case 4745 to the next regular hearing scheduled for August 22, 1973.

The undersigned was unable to attend today's session due to unforeseen circumstances and a currently vigorous drilling activity.

Thank you.

Yours very truly,

YATES PETROLEUM CORPORATION

  
Eddie M. Mahfood  
Petroleum Engineer

*Has been cont'd.  
Aug. 22.*

EMM/pt

cc: A. J. Losee,  
Attorney at Law

CASE 4745: (Reopened)

In the matter of Case No. 4745 being reopened pursuant to the provisions of Order No. R-4365, which order established special rules and regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, including a provision for classification of oil wells and gas wells, the spacing thereof, and a limiting gas-oil ratio of 3000 to 1. All interested parties may appear and show cause why said pool rules should remain in effect.

CASE 5042: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Everett D. Burgett and Fireman's Fund American Insurance Companies and all other interested parties to appear and show cause why the Pure State Wells Nos. 1, 2, 3, and 7 located in Units J, J, O, and O, respectively, of Section 15, Township 21 South, Range 27 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5043: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kent Shannon and American Employers' Insurance Company and all other interested parties to appear and show cause why the Chaparral Tejano Well No. 1 located in Unit D of Section 10, Township 7 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5044: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Sycor Newton, Peru Milling Company, R. E. Deming and Aetna Life and Casualty Company and all other interested parties to appear and show cause why the State L 6350 Well No. 1 located in Unit M of Section 10, Township 23 South, Range 11 West, Luna County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5045: Application of Southern Union Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Wilson Federal Well No. 1 at an unorthodox location 2310 feet from the North line and 990 feet from the East line of Section 13, Township 22 South, Range 24 East, Eddy County, New Mexico, and to deepen said well to the Morrow formation, the N/2 of said Section 13 to be dedicated to the well.

CASE 5036: (Continued from the July 25, 1973, Examiner Hearing)

Application of The Wil-Mc Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres formation in the perforated interval from 4208 feet to 4282 feet in its Champlin State Well No. 1 located in Unit M of Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Chaves County, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 9, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1973.

CASE 4933: (Readvertised)

Application of Texaco Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the perforated interval from 4280 feet to 4288 feet in its R. T. Wilson Federal Well No. 5 located in Unit J of Section 24, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 5040: Application of Wallen Production Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Yates Seven-Rivers formation in its Federal Well No. 2 located in Unit C of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5041: Application of W. T. Wynn for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kaiser Lake Unit Area comprising 960 acres, more or less, of federal and fee lands in Township 18 South, Ranges 26 and 27 East, Eddy County, New Mexico.

CASE 4789: (Reopened)

In the matter of Case No. 4789 being reopened pursuant to the provisions of Order No. R-4375, which order established special rules and regulations for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 4548: (Reopened)

In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157, which order established special rules and regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

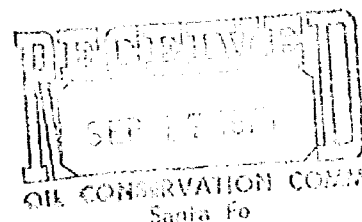


YATES BUILDING - 207 SOUTH 4TH ST.  
ARTESIA, NEW MEXICO - 88210

September 14, 1973

S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC-TREAS.

Oil Conservation Commission  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501



ATTENTION: Mr. Bill Carr

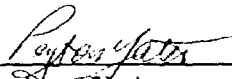
Gentlemen:

Pursuant to our phone conversation of today, we request that the New Mexico Oil Commission hearing of Case 5057, application of Coquina Oil Corporation for an unorthodox location, Eddy County, New Mexico, presently scheduled before an Examiner September 19, 1973, be granted a continuance.

Mr. Jason Kellahin, legal representative for Coquina Oil Corporation, has expressed his concurrence with our request.

Yours truly,

YATES PETROLEUM CORPORATION

  
\_\_\_\_\_  
Peyton Yates  
Engineer

PY/jg

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 28, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4735: (Continued and readvertised from the June 7th examiner hearing)  
Application of El Paso Natural Gas Company for capacity production, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 14 (A), 15 (A), and 15 (B), of the General Rules and Regulations for the prorated gas pools of Northwest New Mexico, to produce six wells located in Sections 29, 30, 31, and 32 of Township 32 North, Range 9 West and Section 36, Township 32 North, Range 10 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, at full capacity for approximately one year from February 1, 1972.

Applicant further seeks authority to offset any over-production accrued to the above-described six wells during the one-year period by underproduction attributable to any underproduced wells or marginal wells located within the participating area of the San Juan 32-9 Unit.

CASE 4739: Application of Texas Pacific Oil Company for rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dedicate the 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of Section 1, Township 23 South, Range 36 East, Lea County, New Mexico, simultaneously to its Emery King "NW" Wells Nos. 1 and 4 located, respectively, in Units E and F of said Section 1 and to produce the allowable for the unit from either well in any proportion.

CASE 4740: Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle gas and condensate production from the Flora Vista-Gallup and Basin-Dakota Pools in the wellbores of its L. C. Kelly Wells Nos. 3 and 5 located, respectively, in Unit F of Section 4 and Unit I of Section 3, Township 30 North, Range 12 West, San Juan County, New Mexico.

CASE 4741: Application of Robert, Koch & Cartwright for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 16, Township 19 South, Range 25 East, Eddy County, New Mexico.



(Case 4741 continued)

Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the West line of said Section 16. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4728: (Continued from the June 7, 1972, Examiner Hearing)  
Application of Texaco Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Weir-Tubb Pool, Lea County, New Mexico, including provisions for 80-acre proration units and a limiting gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil.

CASE 4742: Application of Tenneco Oil Company for dual completions, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its Well No. 12 located in Unit B of Section 13, Township 17 North, Range 9 West, McKinley County, New Mexico, in such a manner as to inject gas into Lone Pine-Dakota "D" Oil Pool through tubing and produce gas from the "A" zone of the Dakota formation through the casing-tubing annulus. Applicant also seeks authority to complete its Well No. 13 located in Unit F of said Section 13 in such a manner as to produce oil from the Lone Pine-Dakota "D" Oil Pool through tubing and gas from the "A" zone of the Dakota formation through the casing-tubing annulus.

CASE 4743: Application of Tenneco Oil Company for pool contraction, redefinition of a pool and special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to contract the horizontal limits of the Basin-Dakota Pool by deleting therefrom all of Section 17 and 20, Township 21 North, Range 8 West, San Juan County, New Mexico. Applicant further seeks to redefine the Snake Eyes-Dakota "D" Oil Pool as a gas pool with horizontal limits comprising the above-described Sections 17 and 20. Applicant further seeks the promulgation of special pool rules for the redefined pool including a provision for 320-acre spacing.

CASE 4744: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 8, Township 19 South, Range 25 East, Eddy County, New Mexico. Said acreage to be dedicated to applicant's Johnston "BE" Well No. 1 located 330 feet from the North and East lines of said Section 8. Also to be considered will be the costs

- CASE 4748: Application of Pubco Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Humble City-Strawn Pool, Lea County, New Mexico, including provisions for 160-acre proration units and wells to be located within 150 feet of the center of any quarter-quarter section.
- CASE 4749: Application of Harding Oil Company for a discovery allowable and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units and for the assignment of an oil discovery allowable to its E. D. Shipp Well No. 1 located in Unit K of Section 11, Township 17 South, Range 37 East.
- CASE 4750: Application of Cities Service Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing well in its Southeast Maljamar Grayburg-San Andres Unit Waterflood Project Area at an unorthodox location 1155 feet from the South line and 1385 feet from the East line of Section 29, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection and production wells within the project area at unorthodox locations may be approved administratively.
- CASE 4751: Application of Sun Oil Company for pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the horizontal limits of the Lusk-Morrow Gas Pool, Lea County, New Mexico to include all of Sections 15 and 16 of Township 19-South, Range 32 East.
- CASE 4752: Application of Claude C. Kennedy for permission to flare casinghead gas, McKinley, County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-4070, to flare casinghead gas produced by his BSK Edna Well No. 1 located in Unit F of Section 8, Township 17 North, Range 8 West, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

(Case 4744 continued)

of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4745:

Application of Yates Petroleum Corporation for pool re-definition and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the re-definition of the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, as an associated oil and gas pool. Applicant further seeks the promulgation of special rules for said associated pool, including provisions defining a gas well as one producing with a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of oil, a gas-liquid ratio limitation for oil wells of 3,000 cubic feet of gas per barrel of oil, and 320-acre spacing units for gas wells. Applicant further seeks authority to commingle on the surface gas production from various wells prior to metering and to report said gas production on a lease basis. Applicant further seeks authority to commingle on the surface all casing-head gas prior to metering and to allocate said casinghead gas to the various wells on the basis of gas-oil ratio tests.

CASE 4746:

Application of Mobil Oil Corporation for an unorthodox well location and amendment of Order No. R-2914, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing well at an unorthodox location 1450 feet from the North line and 70 feet from the West line of Section 19, Township 18 South, Range 34 East, in the E-K Queen Water-flood Project Area authorized by Order No. R-2914. Applicant further seeks a procedure whereby additional production and injection wells at orthodox and unorthodox locations may be approved administratively.

CASE 4747:

Application of Union Texas Petroleum, a Division of Allied Chemical Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the base of the Devonian formation underlying the N/2 of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico. Said acreage to be dedicated to its well to be located 1650 feet from the North line and 2310 feet from the East line of said Section 33. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

#745

Rec'd 6-28-72

Rec. 7-12-72

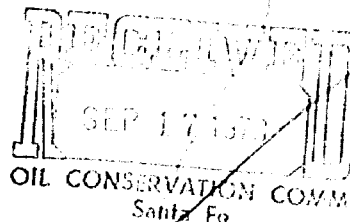
Grant Yates, special Pool  
rules for the Menasco -  
S.A. - Yates Associated Pool.

1. Use usual GOTT Assoc.  
Pool rules.
2. Allow. ~~ought~~ to be commingled  
& changed back on basis of  
tests.
3. require Gas well to be meters  
separately.
4. \$20 for Gas wells & 400 for  
oil wells.

John Dale

should the rules be temp or permanent  
should commingled commingling be limited  
to losses?

P O. Box 3316  
Midland, Texas 79701  
Phone (915) 682-7964



September 20, 1973

TO: ALL OPERATORS OF GAS WELLS UNDER CONTRACT AND CONNECTED TO NORTHERN NATURAL GAS COMPANY IN LEA COUNTY, NEW MEXICO.

State-wide Rule 402 of the New Mexico Oil Conservation Commission requires that a shut-in pressure be taken annually on all New Mexico gas wells.

Since Northern and El Paso Natural Gas Company records shut-in pressures on all gas wells connected to their pipeline system on a semi-annual or annual basis, Mr. Utz, State Gas Engineer, requested several years ago that each of the companies above file these shut-in pressures on Form C-125 with the appropriate District NMOCC office. Mr. Utz also cleared his request with all concerned producers.

So, in compliance with State-wide Rule 402 and Mr. Utz's request, Northern has reported the shut-in data for 1972 to the Hobbs District Office of the New Mexico Oil Conservation Commission on Form C-125 for each Operator. If this action does not meet with your approval, please advise the above Northern Natural Gas office.

A copy of the Form C-125, as reported to the NMOCC, is attached hereto for your file.

Very truly yours,

A handwritten signature in cursive script that reads 'J. M. Welsch'.

J. M. Welsch  
Director Production Evaluation

cc: Messrs: E. A. Utz - NMOCC - Santa Fe, New Mexico - w/attach.  
J. D. Ramey - NMOCC - Hobbs, New Mexico - w/attach.  
A. J. Jamal - w/attach.

file



<p>36</p> <p>Penonoli 6-1-78 22-23</p> <p>State</p>	<p>18486</p> <p>State</p>	<p>19</p> <p>State</p>	<p>25</p> <p>State</p>	<p>28</p> <p>State</p>	<p>29</p> <p>State</p>	<p>30</p> <p>State</p>	<p>31</p> <p>State</p>	<p>32</p> <p>State</p>	<p>33</p> <p>State</p>	<p>34</p> <p>State</p>	<p>35</p> <p>State</p>	<p>36</p> <p>State</p>	<p>37</p> <p>State</p>	<p>38</p> <p>State</p>	<p>39</p> <p>State</p>	<p>40</p> <p>State</p>	<p>41</p> <p>State</p>	<p>42</p> <p>State</p>	<p>43</p> <p>State</p>	<p>44</p> <p>State</p>	<p>45</p> <p>State</p>	<p>46</p> <p>State</p>	<p>47</p> <p>State</p>	<p>48</p> <p>State</p>	<p>49</p> <p>State</p>	<p>50</p> <p>State</p>	<p>51</p> <p>State</p>	<p>52</p> <p>State</p>	<p>53</p> <p>State</p>	<p>54</p> <p>State</p>	<p>55</p> <p>State</p>	<p>56</p> <p>State</p>	<p>57</p> <p>State</p>	<p>58</p> <p>State</p>	<p>59</p> <p>State</p>	<p>60</p> <p>State</p>	<p>61</p> <p>State</p>	<p>62</p> <p>State</p>	<p>63</p> <p>State</p>	<p>64</p> <p>State</p>	<p>65</p> <p>State</p>	<p>66</p> <p>State</p>	<p>67</p> <p>State</p>	<p>68</p> <p>State</p>	<p>69</p> <p>State</p>	<p>70</p> <p>State</p>	<p>71</p> <p>State</p>	<p>72</p> <p>State</p>	<p>73</p> <p>State</p>	<p>74</p> <p>State</p>	<p>75</p> <p>State</p>	<p>76</p> <p>State</p>	<p>77</p> <p>State</p>	<p>78</p> <p>State</p>	<p>79</p> <p>State</p>	<p>80</p> <p>State</p>	<p>81</p> <p>State</p>	<p>82</p> <p>State</p>	<p>83</p> <p>State</p>	<p>84</p> <p>State</p>	<p>85</p> <p>State</p>	<p>86</p> <p>State</p>	<p>87</p> <p>State</p>	<p>88</p> <p>State</p>	<p>89</p> <p>State</p>	<p>90</p> <p>State</p>	<p>91</p> <p>State</p>	<p>92</p> <p>State</p>	<p>93</p> <p>State</p>	<p>94</p> <p>State</p>	<p>95</p> <p>State</p>	<p>96</p> <p>State</p>	<p>97</p> <p>State</p>	<p>98</p> <p>State</p>	<p>99</p> <p>State</p>	<p>100</p> <p>State</p>
<p>BEFORE EXAMINER</p> <p>CONSTITUTION</p> <p>4745</p> <p>9/19/73</p>										<p>Exhibit</p> <p>DAVID</p>																																																																		

SCHEDULE OF INVESTMENT & PRODUCTION HISTORY  
PENASCO DRAW-SAN ANDRES - GAS FIELD

	<u>State BD</u>		<u>Fed. AB</u>		<u>Fed. CI</u>		<u>Fed. CM</u>	
Well Cost	\$102,226		\$25,850		\$33,963		\$44,021	
Pipeline Cost	<u>50,810</u>		<u>12,980</u>		<u>12,200</u>		<u>28,480</u>	
Total Investment	\$153,036		\$38,830		\$46,163		\$72,501	
Est. Reserves	648MM		105MM+4740 BO		86MM+5420 BO		214MM+870 BO	
Approx. Value	\$181,440		\$45,000		\$41,920		\$62,780	
<u>Production History</u>	<u>MCF</u>	<u>BOPM</u>	<u>MCF</u>	<u>BOPM</u>	<u>MCF</u>	<u>BOPM</u>	<u>MCF</u>	<u>BOPM</u>
Mar. 73	10830	0	1178	103	1711	202	----	---
Apr. 73	7586	0	1419	72	1285	121	----	---
May 73	6893	0	1475	59	679	65	----	---
June 73	6581	0	1133	47	601	84	1569	0
July 73	8300	0	972	104	828	82	1069	21
Aug. 73	8654	0	978	73	842	82	538	6

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 4745

Submitted by \_\_\_\_\_

Hearing Date 9/19/73

*Exhibit #3*



NEW MEXICO OIL CONSERVATION COMMISSION  
GAS-OIL RATIO TESTS

Operator: Yates Petroleum Corporation Pool: Penasco Draw S.A.-Yeso County: Eddy

Address: 207 So. 4th St., Artesia, N.M. TYPE OF TEST - (X) Scheduled  Completion  Special

LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	TYPE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS-OIL RATIO CUMULATIVE	
		U	S	T	R							WATER BBL.S.	GRAV. OIL	OIL BBL.S.		GAS M.C.F.
State AV	1	D	36	18S	25E	7-7-73	R	-	14	2	24	0.9	37	1.17	0.8	684
Scout Federal	1	G	34	18S	25E	7-5-73	R	-	28	10	24	24.3	38	2.33	6.5	2790
Sam Thomas	1	H	8	19S	25E	7-3-73	R	-	36	3	24	0.8	36	2.33	12.4	5320
Wilkinson AZ	1	N	25	18S	25E	7-11-73	R	-	15	13	24	22.7	38	10.50	10.6	1010
Yates Federal	2	M	25	18S	25E	7-13-73	R	-	15	2	24	0.6	38	2.92	3.3	1130
Yates Federal	1	E	25	18S	25E	7-16-73	R	-	14	3	24	26.7	37	1.17	1.0	855
Yates Fee AS	1	K	25	18S	25E	7-8-73	R	-	14	9	24	1.0	37	4.67	8.7	1652
Federal AB Com.	2	L	25	18S	25E	7-16-73	R	-	14	13	24	23.3	38	10.50	17.5	1667
Federal CM Com.	1	M	32	18S	25E	7-13-73	*R	-	32	0	24	0.8	38	2.62	47	17940
Greasewood BD StateCom	1	M	12	19S	24E	7-5-73	*R	-	30	0	24	0.9	38	0.88	126	143200
Mobil Fed. CI Com.	1	F	5	19S	25E	7-10-73	R27/64	-	32	0	24	0	-	0	212	---
Mobil Fed. CI	1	J	6	19S	25E	7-9-73	*F	-	32	0	24	1.0	38	2.34	24.2	10340
Mobil Fed. CI	2	M	5	19S	25E	7-10-73	*F	-	30	2	24	0.8	38	1.17	4.8	4100

\*Well pumped to unload fluid 1 day each week, production averaged for 24 hrs.

No well will be assigned an allowable greater than the amount of oil produced on the official test. During gas-oil ratio test, each well shall be produced for more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that increased allowables when authorized by the Commission. Gas volumes must be reported in MCF measured at well be 0.60. Report casing pressure in lieu of tubing pressure for the well producing through casing. Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

BEFORE EXAMINER OF THE COMMISSION  
Pressure Date of 15.025 and a temperature of 60F. Specific gravity base  
CASE NO. 4745  
Submitted by 9/19/73  
Hearing Date

I hereby certify that the above information is true and complete to the best of my knowledge and belief.  
Eddy E. Lusk  
Engineer (Signature)  
July 19, 1973 (Date)  
Eddy E. Lusk  
Engineer (Title)  
July 19, 1973 (Date)

Sheet 4

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS-OIL RATIO TESTS

C-116  
Revised 1-1-65 Page 1 of 2

Operator		Pool		County												
Yates Petroleum Corporation		Penasco Draw S.A.-Yeso		Eddy												
Address		TYPE OF TEST		Completion												
207 So. 4th St., Artesia, N. M.		TEST - (X)		<input type="checkbox"/> Scheduled <input checked="" type="checkbox"/> Special												
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU. FT./BBL.			
		U	S	T						R	WATER BBL.	GRAV. OIL		OIL BBL.	GAS M.C.F.	
C.A. Land & Cattle Co.	1	E	2	19S	25E	7-15-73	P	-	16	2	24	0.3	34	1.17	0.5	462
	1	F	25	18S	25E	7-16-73	P	-	15	16	24	10.5	38	11.37	19.6	1724
Federal AY	2	F	25	18S	25E	7-10-73	P	-	15	9	24	0.6	38	7.90	9.4	1190
	1	O	25	18S	25E	7-6-73	P	-	15	7	24	0.8	37	8.17	15.5	1897
Gerard AW	1	H	25	18S	25E	7-4-73	P	-	16	26	24	3.4	37	9.33	14.1	1511
Hornbaker BA	2	B	25	18S	25E	7-11-73	P	-	15	2	24	0.6	34	1.75	1.4	800
Kincaid BI	1	A	36	18S	25E	7-12-73	P	-	15	2	24	0.6	34	1.17	1.0	855
Lowe BK	1	I	5	19S	25E	7-14-73	P	-	29	3	24	0.6	38	2.33	4.8	2060
Nicholas BJ	1	M	30	18S	26E	7-5-73	P	-	16	2	24	0.6	35	1.46	3.1	2123
	1	A	30	18S	26E	7-3-73	P	12/64	25	0	24	0	-	-	22.0	-
Nickson BM	2	I	25	18S	25E	7-6-73	P	-	15	16	24	36.3	37	13.12	26.7	2035
	1	P	25	18S	25E	7-8-73	P	-	15	12	24	1.2	37	10.20	17.5	1715
Vix-Curtis BH	2	C	25	18S	25E	7-14-73	P	-	14	4	24	0.9	37	8.17	4.3	500
	1															
Stark BG	1															

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

No well will be assigned an allowable greater than the amount of oil produced on the official test.  
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.  
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.  
Report casing pressure in lieu of tubing pressure for any well producing through casing.  
Well original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

(Signature)  
(Title)  
(Date)

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS-OIL RATIO TESTS

C-116  
Revised 1-1-65

Operator		Pool		TYPE OF TEST - (X)		Scheduled		Completion		Special					
Yates Petroleum Corporation		Penasco Draw (SA-Yeso)		<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input checked="" type="checkbox"/>					
Address				County											
207 So. 4th St., Artesia, N.M. 88210				Eddy											
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	T.B.G. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT./BB.	
		U	S	T	R						WATER BBLs.	GRAV. OIL	OIL BBLs.		GAS M.C.F.
Greasewood BD State Com	1	F	5	19	25	3-18-73P	25/64	150	MCF 3840	24	0	--	0	550	---
Mobil CI Federal	1	J	6	19	25	3-14-73P	--	38	MCF 3840	24	3.4	38	6.33	67	10530
ates Fee AS	*1	K	25	18	25	3-10-73P	--	18	bo 9	48	1.2	38	8.55	14.3	1673
ates Fee AS	**2	L	25	18	25	3-15-73P	--	18	bo 12	24	26.2	38	12.54	19.0	1515
Federal AB	1	M	32	18	25	3-20-73P	--	36	MCF 3840	24	5.7	38	2.33	46	19740
Scout Federal	**1	G	34	18	25	3-18-73P	--	30	MCF 3840	24	47.0	38	9.69	20	2064
Nickson BM	2	A	31	18	26	3-6-73 P	24/64	55	MCF 3840	24	0.5	--	0	110	---

\* Average production from No. 1 well while No. 2 well was down, corrects test of 1/24/73.  
 \*\* 24-hr test taken 4 days after plug back.  
 \*\*\* Well returned to production 3-13-73, water piped to Gerard disposal well.

No well will be assigned an allowable greater than the amount of oil produced on the official test.  
 During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.  
 Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.  
 Report casing pressure in lieu of tubing pressure for any well producing through casing.  
 Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

*Edgar M. Vachek*  
 (Signature)  
 Engineer  
 March 22, 1973  
 (Date)

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS-OIL RATIO TESTS

C-116  
Revised 1-1-65

Operator		Pool		County												
Yates Petroleum Corporation		Penasco Draw (Yeso S.A.)		Eddy												
Address		TYPE OF TEST - (X)		Completion <input type="checkbox"/>		Special <input type="checkbox"/>										
207 So. 4th, Artesia, New Mexico 98210		Scheduled <input checked="" type="checkbox"/>														
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT./BBL			
		U	S	T						R	WATER BBL.	GRAV. OIL		OIL BBL.	GAS M.C.F.	
C.A. Land & Cattle Co.	1	E	2	19S	25E	1-22-73	P	-	16	1	24	2.3	34	1.17	0.50	427
	1	F	25	18S	25E	1-16-73	P	-	18	13	24	11.7	38	12.83	19.9	1551
Federal AY	2	F	25	18S	25E	1-18-73	P	-	16	10	24	0.6	38	11.66	9.5	815
	1	O	25	18S	25E	1-21-73	P	-	15	10	24	1.2	37	7.00	17.7	2529
Donbaker BA	1	G	25	18S	25E	1-20-73	P	-	18	2	24	34.2	35	1.17	2.65	2265
Moraida BI	1	B	25	18S	25E	1-26-73	P	-	15	2	24	0.6	34	1.17	1.17	1000
Lowe BK	1	A	36	18S	25E	1-23-73	P	-	15	3	24	0.6	34	1.17	1.00	855
Nicholas BJ	1	I	5	19S	25E	1-18-73	P	-	16	5	24	0.6	38	2.33	10.1	4335
Jackson BM	1	M	30	18S	25E	1-24-73	P	-	15	3	24	0.6	35	1.17	3.30	2820
Curtis BD	1	I	25	18S	25E	1-22-73	P	-	18	9	24	38.0	37	15.17	28.4	1872
	2	P	25	18S	25E	1-20-73	P	-	17	20	24	1.2	37	11.66	18.4	1578
Beard BG	1	C	25	18S	25E	1-26-73	P	-	15	11	24	0.9	37	3.50	2.40	685

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 Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.  
 Report casing pressure in lieu of tubing pressure for any well producing through casing.  
 Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

\_\_\_\_\_  
 (Signature)  
 Engineer  
 (Title)  
 January 31, 1973  
 (Date)

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS-OIL RATIO TESTS

C-116  
Revised 1-1-65

Operator	Pool	County	TYPE OF TEST - (X)		Scheduled <input checked="" type="checkbox"/>	Special <input type="checkbox"/>										
Address			Completion <input type="checkbox"/>													
Yates Petroleum Corporation	Penasco Draw (Yeso S.A.)	Eddy														
207 So. 4th, Artesia, New Mexico 88210																
LEASE NAME	WELL NO.	LOCATION		DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PRD. DURING TEST			GAS - OIL RATIO CU. FT. PER BBL.				
		U	S	T	R				WATER BBL.	GRAV. OIL	OIL BBL.	GAS M.C.F.				
State AU	1	D	36	18S	25E	1-25-73	F	-	15	2	24	0.9	37	1.17	2.87	403
State AX	1	H	4	19S	25E	1-21-73	F	-	15	2	24	0.6	38	1.17	5.20	444
omas	1	H	8	19S	25E	1-17-73	F	-	16	9	24	0.6	36	2.33	19.2	824
Wilkinson AZ	1	N	25	18S	25E	1-20-73	F	-	18	13	24	23.4	39	12.83	11.1	866
	2	M	25	18S	25E	1-25-73	F	-	15	5	24	0.6	39	1.17	1.17	1000
Yates Federal	1	E	25	18S	25E	1-17-73	F	-	15	6	24	0.6	37	3.00	3.74	535
Yates AS	1	K	25	18S	25E	1-24-73	F	-	16	9	24	1.2	38	5.83	14.3	2453
	2	L	25	18S	25E	1-19-73	F	-	18	12	24	23.7	38	14.00	20.1	1438

Note: Greasewood BD Lease is a shut-in gas well.  
Mobil Federal CI Lease is a shut-in gas well.

No well will be assigned an allowable greater than the amount of oil produced on the official test.  
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.  
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.  
Report casing pressure in lieu of tubing pressure for any well producing through casing.  
Well original and case copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

*Sheldon W. ...*  
Engineer  
January 31, 1973

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS WELL SHUT-IN PRESSURE REPORT

Form C-125  
Revised 1-1-65

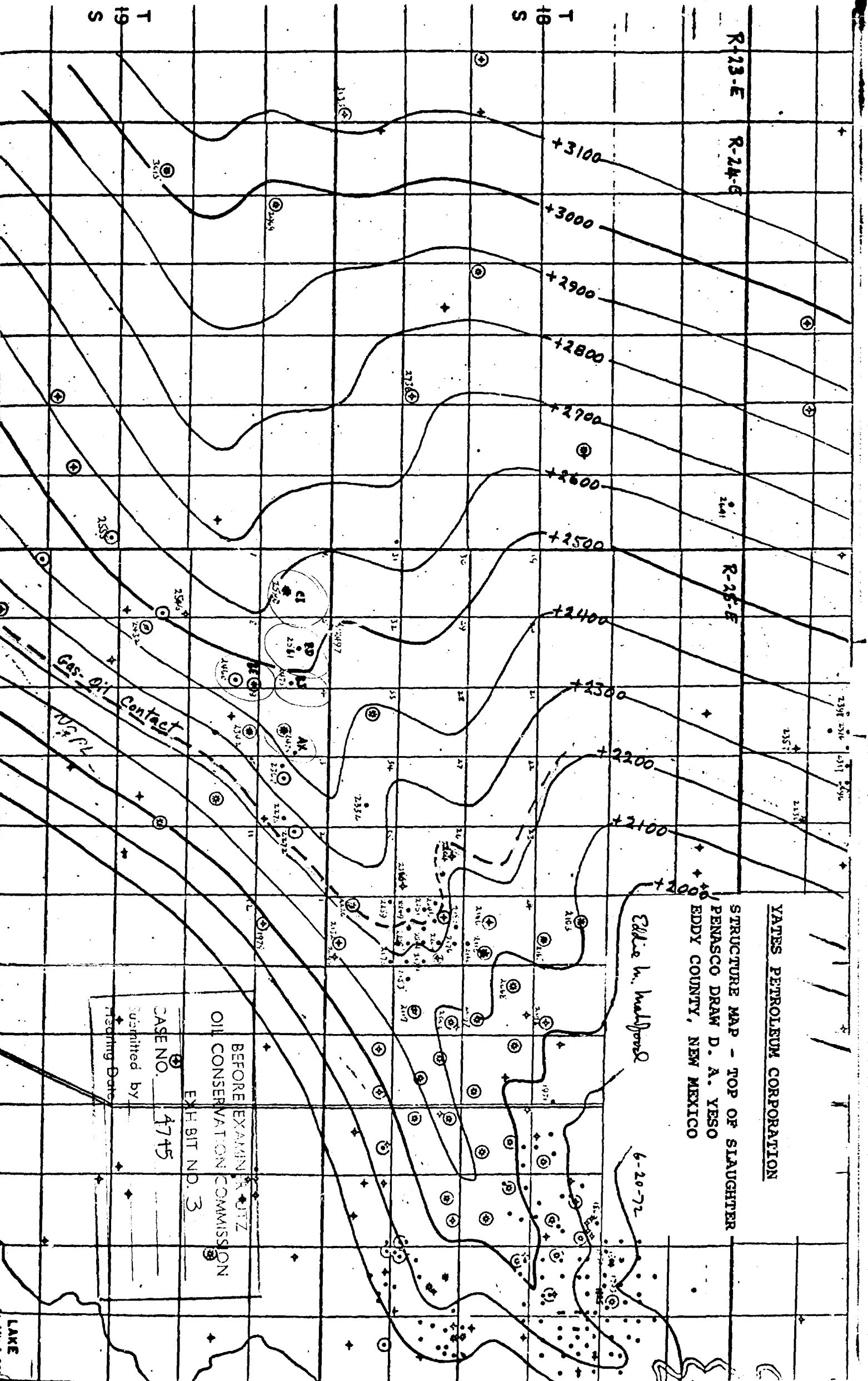
Operator **Yates Petroleum Corp.** Address **207 S. 4th, Artesia, N.M.** Pool **Penasco Draw (S.A.-Yeso)** County **Eddy**

LEASE	WELL NO.	LOCATION			DATE PRESS. RUN	TIME S.I. HRS./MONTH	S.I. PRESSURE PSIG (DWT)	S.I. PRESSURE PSIA	PREV. TEST DATE	
		UNIT	SEC.	TWP.						RGE.
Federal CM Com.	1	M	12	19S	24E	2-23-73	244	375	388	Initial
Federal AB Com.	1	M	32	18S	25E	3-16-73	92	328	341	Initial
Mobil Federal CI	1	J	6	19S	25E	2-28-73	months	248	261	Initial
Greasewood Bd Com.	1	F	5	19S	25E	2-28-73	months	372	385	Initial

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
CASE NO. 4745  
EXHIBIT NO. 5  
Submitted by  
Hearing Date 9/19/73

I hereby certify that the above information is true and complete to the best of my knowledge and belief. SEE RULE 402  
Signature Eddie W. Washford Title Engineer Date 7-12-73





**YATES PETROLEUM CORPORATION**

STRUCTURE MAP - TOP OF SLAUGHTER  
 PENASCO DRAW D. A. YESO  
 EDDY COUNTY, NEW MEXICO

*Eddie W. half pond*

6-20-72

BEFORE EXAMINATION  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 3  
 CASE NO. 4745  
 Submitted by \_\_\_\_\_  
 Filing Date \_\_\_\_\_

LAKE





Yates Petroleum Corp - Greenwood TSD No. 1

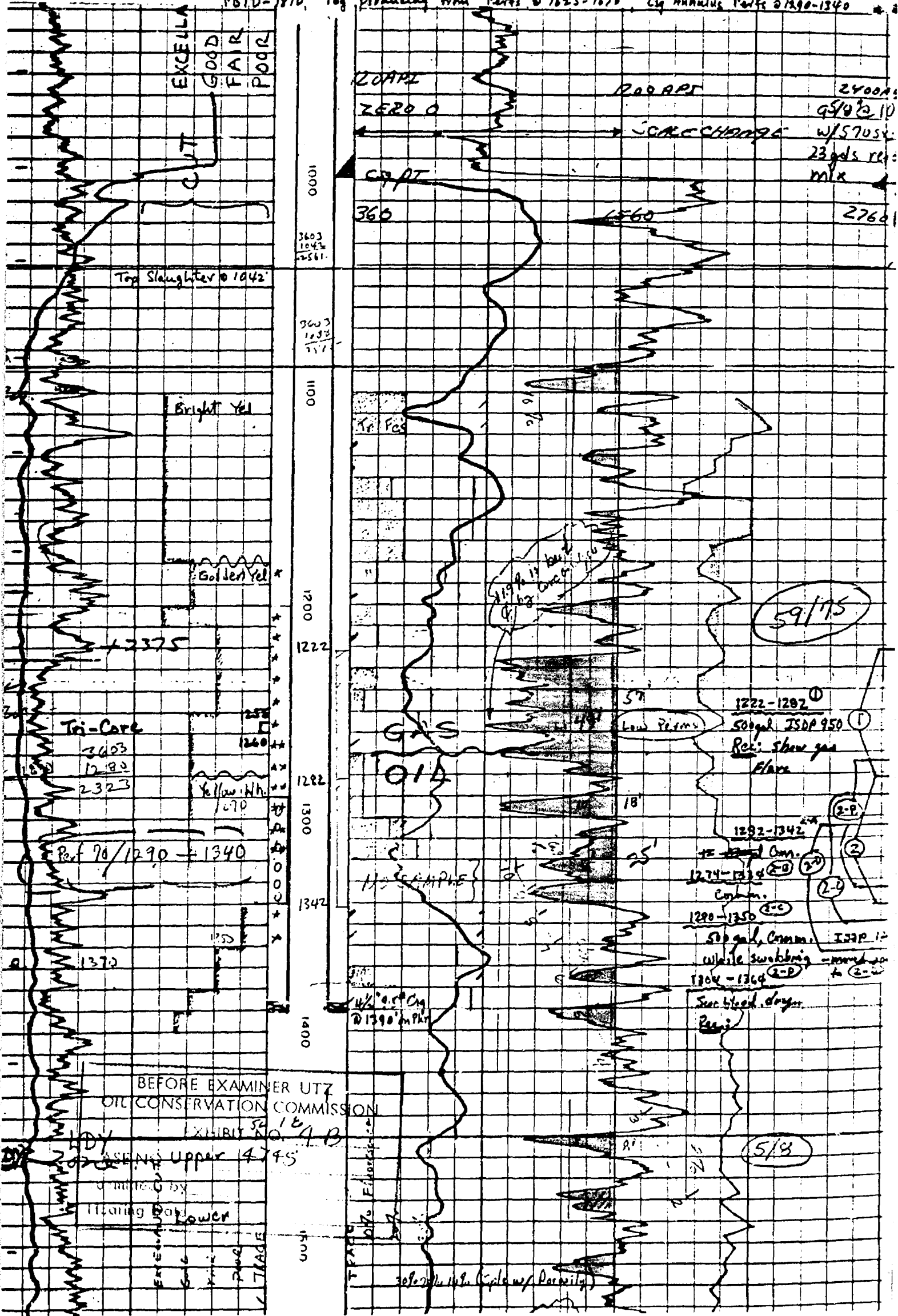
2310/N 2310/W Sec 5-19-25

lane Wells - GRN

5-12-67

Elev. 3603 KB

PSTD-1910, Tbg producing from Parts @ 1625-1670, Cy Annulus Parts @ 1290-1340



BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 184 B  
BY ASSESS Upper 4745

Witnessed by  
Heating Tower

EXCELLA  
GOOD  
FAIR  
POOR  
TRACE

59/115

1222-1282  
500 gal. ISOP 950  
Rec: show gas  
Flare

1282-1342  
ISOP 12  
white swabbing - normal  
1304-1364  
Sec bleed. dryer  
Pump

5/8

3000' in 10' (Elev w/ Parosity)



7°e 928 GROZ  
923 Date

Yates Petroleum Corp - Nicholas B.S. #1  
2310/S 380/E Sec 5-19-25 Elev-3565 DF  
Lame Wells - Gamma Ray Neutron dtd 1-6-69  
show gas oil 928-939 (corrected)

e size change

1000

10 9 8 7.6 5 4%

3565  
1092  
+2573

Top of Slaughter @ 1092

1100

SG 1145-59 (uncorrected)

1200

6% 4%

Zone

1300

CZN 1268

1400

BEFORE EXAMINER USE  
OIL CONSERVATION COMMISSION

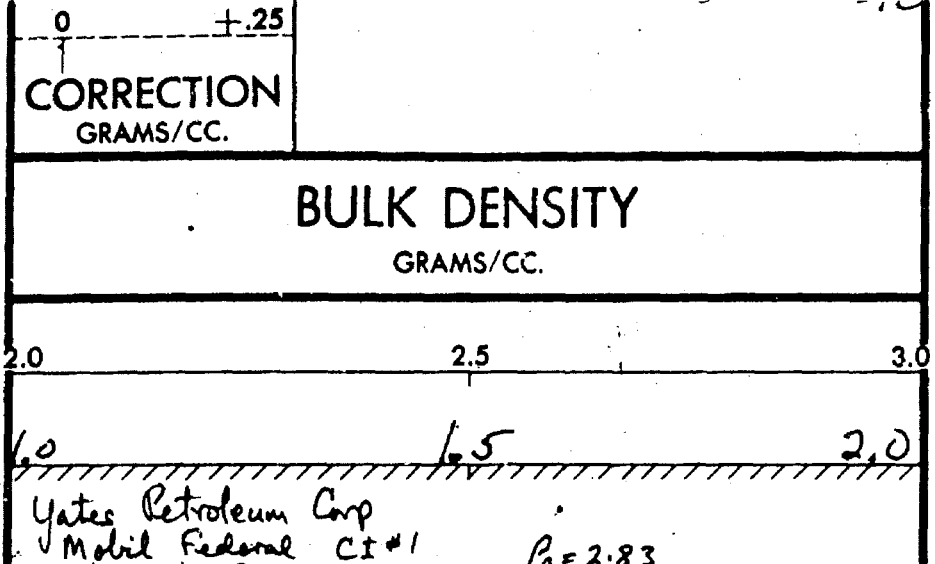
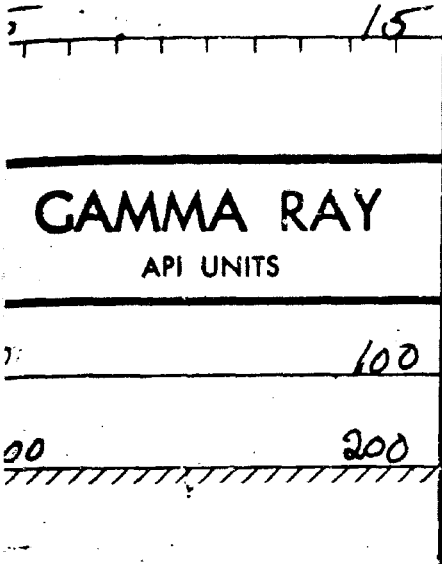
DY zone

EXHIBIT NO. 4748

CASE NO. 4748

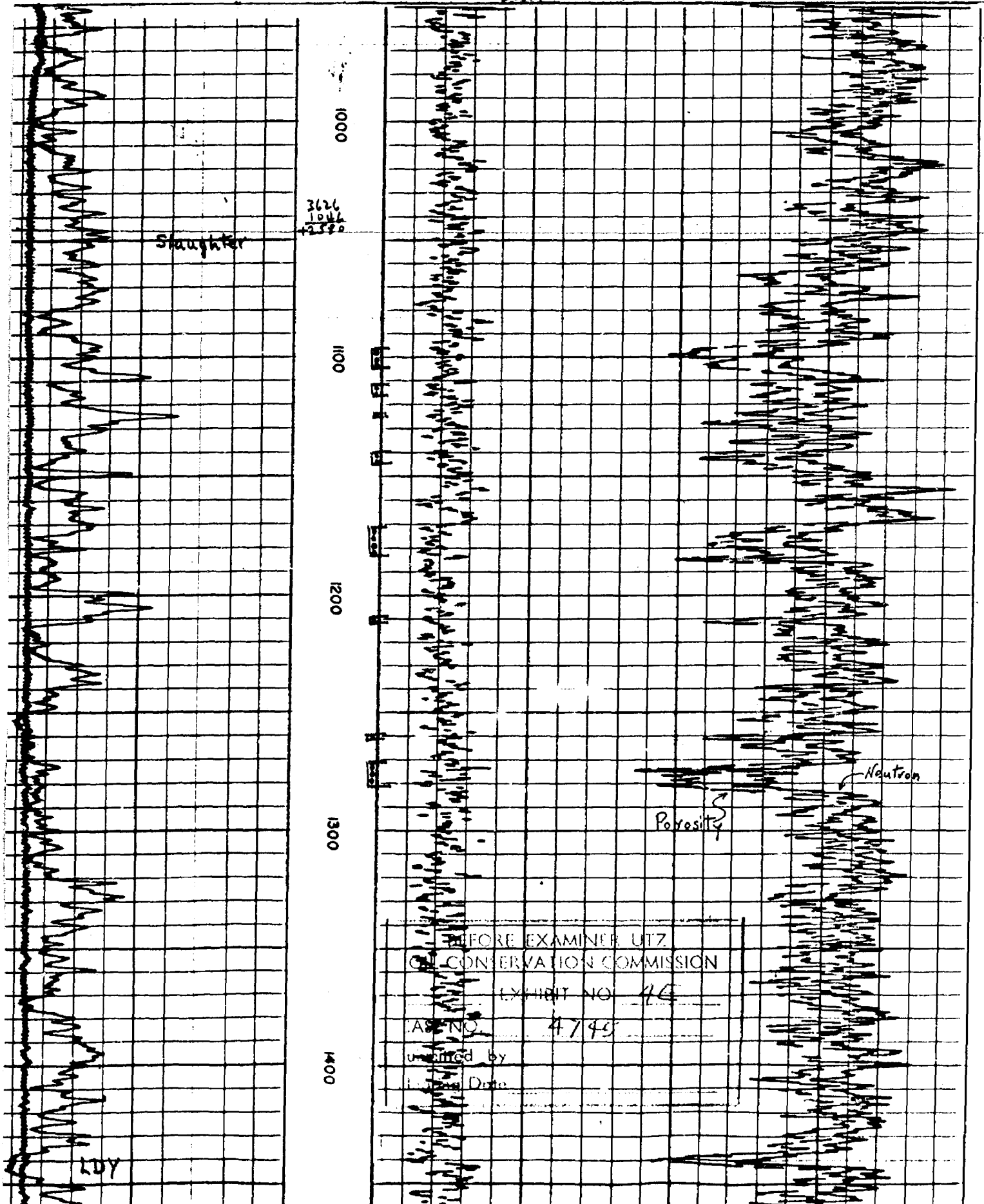
Submitted by  
Hearing Date

Shot down @ 157



Yates Petroleum Corp  
 Mobil Federal CI #1  
 1980/S 1980/E Sec 6-19-25  
 Elev: 3626 BF

$\rho_g = 2.83$



NEW MEXICO OIL CONSERVATION COMMS. V  
**MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL**

Form C-1  
 Revised 9-

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special		Test Date 5-11-72	
Company Yates Petroleum Corp.		Connection Unconnected	
Pool Penasco Draw (Gas)		Formation San andres	
Completions Date 5-11-72		Total Depth 1924	Plug Back TD 1320
Elevation 3616' GR		Farm or Lease Name Mobil Federal CI	
Cas. Size 4 1/2 x 5 1/2"	Int. d 9.5 x 15.5"	Set At 4.3426	Perforations From 1097 To 1281
Well No. 1	Unit J	Sec. 6	Top. 19S
2 3/8"	4.7"	1104	To
Type Well - Single - Bronthead - G.G. or G.O. Multiple Single		Packer Set At None	
Producing Thru Csg. Annulus		Reservoir Temp. °F 89	Mean Annual Temp. °F 13.2
State New Mexico		County Eddy	
L 1104	H 1189	G <sub>g</sub> 0.729	% CO <sub>2</sub> 2.30
		% N <sub>2</sub> 2.32	% H <sub>2</sub> S 1.41
Prover Yes		Meter Run Taps	

FLOW DATA				TUBING DATA		CASING DATA		Duration of Flow	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h <sub>w</sub>	Temp. °F	Press. p.s.i.g.		Temp. °F
1	2	x	.375	9.5		97	291	88	-
2	2	x	.375	16.5		93	249	88	1 hr.
3	2	x	.500	12.0		87	234	88	1 hr.
4	2	x	.500	15.5		81	214	88	1 hr.
5							147	88	1 hr.

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor Ft.	Gravity Factor Fg	Super Compress. Factor, F <sub>sp</sub>	Rate of Flow Q, Mcfd
1	2.373		22.7	.9652	1.169	.9989	61
2	2.373		29.7	.9697	1.169	.9982	80
3	4.279		25.0	.9750	1.169	.9984	122
4	4.279		29.7	.9804	1.169	.9981	145
5							

NO.	R <sub>1</sub>	Temp. °R	P <sub>1</sub>	P <sub>2</sub>	Gas Liquid Hydrocarbon Ratio	Mcf/bbl.
1	.406	545.1	1.426	.951	30.576	
2	.394	544.	1.343	.942	=2	
3	.375	543.3	1.311	.930	.729	XXXXXXX
4	.345	542.2	1.302	.924	683.7	670.6
5	.305	541.	1.300	.921	321.7	414.3

NO.	P <sub>1</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>2</sub> <sup>2</sup>	P <sub>2</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>	(1) $\frac{P_c^2}{P_2^2 - P_w^2}$	(2) $\frac{P_c^2}{P_2^2}$	n <sub>2</sub>
1	58,749	390.1	152,175	93,426	1.79		1.425
2	51,108	379.8	144,243	93,135			
3	51,620	381.7	124,277	82,657			
4	40,030	370.1	125,008	84,978			
5							

Absolute Open Flow		323	Mcf @ 15.025'	Angle of Dev. @	61.3	Slope, n	0.6078
--------------------	--	-----	---------------	-----------------	------	----------	--------

Remarks: Potential test witnessed by representative - Mr. Jack Moore. - Well shutting, tends to lose gas.

Approved By Commission:	Conducted By: <b>Jack Moore</b>	Calculated By: <b>Eddie Hanford</b>	Checked By:
-------------------------	---------------------------------	-------------------------------------	-------------

NEW MEXICO OIL CONSERVATION COMMISSION  
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Form C-122  
Revised 9-1-65

Type Test <input type="checkbox"/> Initial <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Special				Test Date 3/24/71							
Company Yates Petroleum			Connection Unconnected								
Pool Parrises Draw		Formation San Andres		Unit							
Completion Date		Total Depth		Elevation							
Csg. Size		Set At		Perforations: From 1200 To 1250							
Tbg. Size		Set At		Perforations: From To							
Type Well - Single - Bradenhead - G.G. or G.O. Multiple				Packer Set At 1260							
Producing Thru		Reservoir Temp. °F		State New Mexico							
Mean Annual Temp. °F 82		Baro. Press. - P <sub>a</sub> 659		County Eddy							
L 1225	H 1225	G <sub>g</sub> .707	% CO <sub>2</sub> 3.4	% N <sub>2</sub> 2.62	% H <sub>2</sub> S 1.27						
Prover 24/1.50		Meter Run		Taps							
FLOW DATA											
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. hw	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	Duration of Flow
SI	24 hr		3				361	69			
1.			1 1/4				355	69			1 hr
2.			1 1/4				347	71			
3.			1 1/4				336	71			
4.			2 1/4				322	71			X
5.											
RATE OF FLOW CALCULATIONS											
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor Ft.	Gravity Factor F <sub>g</sub>	Super Compress. Factor, F <sub>pv</sub>	Rate of Flow Q, Mcfd				
1.								251			
2.								501			
3.								759			
4.								1017			
5.											
NO.	P	Temp. °R	T <sub>r</sub>	Z	Gas Liquid Hydrocarbon Ratio _____ Mcf/bbl.						
1.					A.P.I. Gravity of Liquid Hydrocarbons _____ Deg.						
2.					Specific Gravity Separator Gas _____				XXXXXXXXXX		
3.					Specific Gravity Flowing Fluid _____				XXXXX		
4.					Critical Pressure _____ P.S.I.A.				P.S.I.A.		
5.					Critical Temperature _____ R				R		
P <sub>c</sub> 2711		P <sub>c</sub> <sup>2</sup> 13999									
NO.	P <sub>i</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>	P <sub>c</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>	(1) $\frac{P_c^2}{P_c^2 - P_w^2} = \frac{P_c^2}{P_c^2 - P_w^2}$						
1			135.4	4.520	BEFORE EXAMINATION BY						
2			139.6	16.300	OIL CONSERVATION COMMISSION						
3			121.8	16.100	EXHIBIT NO. 513						
4			112.7	27.710	NO. 4745						
5					initiated by _____						
Absolute Open Flow		3.2 m mcf/d		Mcid @ 19.025		Angle of Slope @		Slope, n 0.710			
Remarks:											
Approved By Commission:			Conducted By: Herman Hollis			Calculated By: R.T. Litzel			Checked By:		

NEW MEXICO OIL CONSERVATION COMMISSION  
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Form C-122  
Revised 9-1-65

Type Test <input type="checkbox"/> Initial <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Special		Test Date 3/15/71	
Company Yates Petroleum Corp		Connections	
Pool Parasero Branch		Formation San Andres "D" zone	
Completion Date		Total Depth	Plug Back TD
Elevation		Farm or Lease Name Johnson R.E. Fedl	
Csg. Size 7"	Wt.	d	Set At
Perforations: From 1370 To 1320		Well No. 1	
Tbg. Size	Wt.	d	Set At
Perforations: From To		Unit	Sec. Twp. Rye. 6 19 25
Type Well - Single - Rndnhead - G.C. or G.O. Multiple		Packer Set At	County
Producing Thru Casing	Reservoir Temp. °F	Mean Annual Temp. °F	Baro. Press. - P <sub>g</sub>
L	H	G <sub>g</sub>	% CO <sub>2</sub> % N <sub>2</sub> % H <sub>2</sub> S
1295	1295	695	17.3 2.49 .27
Prover	Meter Run	Taps	
2141005			

FLOW DATA				TUBING DATA		CASING DATA		Duration of Flow	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h <sub>w</sub>	Temp. °F	Press. p.s.i.g.		Temp. °F
SI	34hr, 5' R14						473	70	
1.			5/16				470	70	1hr
2.			1/4				461	69	
3.			11/16				457	68	
4.			1/2				448	70	
5.									

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor Ft.	Gravity Factor Fg	Super Compress. Factor, F <sub>pr</sub>	Rate of Flow Q, Mcfd
1							155
2							221
3							470
4							536
5							

NO.	P <sub>g</sub>	Temp. °R	T <sub>g</sub>	Z	Gas Liquid Hydrocarbon Ratio _____ Mcf/bbl.
1.					A.P.I. Gravity of Liquid Hydrocarbons _____ Deg.
2.					Specific Gravity Separator Gas _____ X X X X X X X X
3.					Specific Gravity Flowing Fluid _____ X X X X X
4.					Critical Pressure _____ P.S.I.A. _____ P.S.I.A.
5.					Critical Temperature _____ R _____ R

P <sub>c</sub> 436	P <sub>c</sub> <sup>2</sup> 236,2				
NO.	P <sub>i</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>	P <sub>c</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>	(1) $\frac{P_c^2}{P_c^2 - P_w^2} =$
1			133.7	2,900	
2			227.5	6,700	
3			220.9	15,300	
4			212.5	23,700	
5					

Absolute Open Flow _____ Mcfd @ 15.025		Angle of Slope _____	Slope, n 0.684
Remarks:			

Approved By Commission:	Conducted By: Herman Wall's W.T. 1122511	Calculated By:	Checked By:
-------------------------	---	----------------	-------------

BEFORE EXAMINER DTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 5 C  
CASE NO. 4745  
Submitted by \_\_\_\_\_



Calculated Formation Pressure - Slaughter - Penasco Draw

Greasewood ID#1

5-23-72

$G_{gm} = 0.729 (w_{oil}) f_{oil} = 0.354 \text{ psi/ft}$

$P_c = 684 \text{ psi} \quad P_r = 0.57 \quad \left. \begin{array}{l} \\ \\ \end{array} \right\} Z = 0.928$   
 $T_c = 384 \text{ psi} \quad T_r = 1.40$

Fluid level 40 1/2 jts (4 1/2' eq) or 1237' from surface

Shut in wellhead pressure = 372 psi DWT

BHP @ top of fluid =  $P_s = P_w e^{\frac{G L S}{RT}} = 383 e^{\frac{0.73(1237)}{53.34(340) \cdot 93}} = 383(1.0342) = 396 \text{ psi}$

Static head, fluid to center of perfs =  $(316 - 1237) 0.354 \text{ psi/ft} = 28 \text{ psi}$

Calculated BHP @ center of perforations @ 1316' = 424 psi

Elevation = 3603

Center Perf = 1316

SL Elev = +2287

Hydrostatic Gradient =  $\frac{424 \text{ psi}}{1316 \text{ ft}} = 0.322 \text{ psi/ft}$

Mobil Federal CI #1

5-22-72

$G_{gm} = 0.729 \quad G_{fluid} = 0.432 \text{ psi/ft}$

$P_c = 684 \quad P_r = 0.38 \quad \left. \begin{array}{l} \\ \\ \end{array} \right\} Z = 0.95$   
 $T_c = 384 \quad T_r = 1.40$

Fluid level 29 jts 2 3/8" eq or 889' from surface

Shut in wellhead pressure = 248 psi DWT

BHP @ top of fluid =  $P_s = P_w e^{\frac{G L S}{RT}} = 261 e^{\frac{0.73(889)}{53.34(340) \cdot 95}} = 261(1.0238) = 267$

Static head, fluid to center of top perfs =  $(1100 - 889) 0.432 \text{ psi/ft} = 91$

Calculated BHP @ center of topmost perforations = 358 psi

add head to Greasewood Equivalent  $(1313 - 1100) 0.322 = 69$

Calculated BHP @ Greasewood Equivalent Perfs = 427 psi

Elevation = 3626

Equiv. C.P. = 1313

SL Elev. = +2313

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	62
CASE NO.	4775
DATE	
BY	

Eddie L. Mahaffey, Engr.  
 Yates Petroleum Corp  
 5-24-72

Calculated Drainage Rates, 160-acre vs. 320-acre spacing

Penasco Draw Slaughter Pay

Steady State Bounded Reservoir Rate  $Q_{sc} = \frac{703 K_{gh} (P_e^2 - P_w^2)^n}{\mu_g T z \ln \frac{r_e}{r_w}}$  (Coff & Hawkins)

Assuming $P_e = 425$ psia	$P_{avg} = 413$ psia	
and Avg $K_h = 120$ md-ft	$P_{cr} = 669$ psi	$P_r = 0.617$
( $\phi_{avg} = 36\%$ ) $K_g = 60\%$	$T_{cr} = 424^\circ R$	$T_r = 1.273$
( $K_{avg} = 2.2$ ) $\mu_g = 0.122$ cp		} $z = 0.892$
$n_{avg} = 0.67$		
$r_e 320ac = 2106$ ft		
$r_e 160ac = 1489$ ft		

(1) 320-acre Spacing: Rate  $Q_{sc} = \frac{703(120)(0.60)(425^2 - 100^2)^{0.67}}{0.122(540)(0.892) \ln \frac{2106}{167}}$

$= 96.24(425^2 - 100^2)^{0.67}$  cuft per day

$= 308$  mcfpd.

(2) 160-acre Spacing: Rate  $Q_{sc} = \frac{703(120)(0.60)(425^2 - 100^2)^{0.67}}{0.122(540)(0.892) \ln \frac{1489}{167}}$

$= 100.15(425^2 - 100^2)^{0.67}$  cuft per day

$= 320$  mcfpd.

Eddie L. Malford  
 Yates Petroleum Corp  
 6-27-72

BEFORE EXAMINER UTZ  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 7  
 CASE NO. 4745  
 Submitted by \_\_\_\_\_  
 Date \_\_\_\_\_

Economics of 320-acre vs. 160-acre Spacing

Required 13 wells @ 308 mcf/d each @ 4,000,000 mcf/yr.

Gathering and Metering	\$ 70,000
Compression facilities	260,000
Treating facilities	<u>170,000</u>
Processing Investment	\$400,000
Amortized, 8.4% over 3 yrs	\$ 12,560 per mo.
Operating Expenses	<u>6,440 per mo.</u>

Operating & Processing Expenses: \$ 19,000 per mo. per 120 MMCF  
or 15.83 ¢/mcf

Shrinkage; fuel & acid gases = 9%

Net value of gases BIT =  $30(.91) - 15.83 = 11.47$  ¢/mcf

Cost of 13 gas wells =  $13(30,000) = \$390,000$

Payout =  $\frac{\$390,000}{120,000(11.47)/mo} = 28.4$  months.

160-acre Spacing would require more offset wells, for a given acreage would double the drilling investment and inherent risk, would either have to be produced at half-capacity or require double-the-investment in treating & compression facilities. Then payout would not be 28.4 months but 57 months or greater.

Eddie L. Walz, Prof. Eng.  
Yates Petroleum Corp

6-26-72

BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION
EXHIBIT NO. 8
ASE NO. 4745

GAS-OIL RATIO TESTS, PENASCO DRAW (S.A. YESO)

	March 1967				February 1968				July 1968				May 1972			
	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR
L.A. Land & Cattle																
Federal AY	1	50	52	1039	1	6	10	1667	1	3	5	1657	1	1	2	2000
Herard AW	2	79	85	1079	1	48	57	1188	1	46	57	1244	2	22	27	1227
Breasewood BD					2	29	123	4248	2	20	44	2181	1	8	10	1250
Johnbaker BA					1	10	226	22640	1	9	154	17170	1	1	7	10000
Johnston BE					1	16	112	6994	1	8	30	3686	1	1	3	1200
Kincaid BI					1	5	84	16800	1	4	83	21150	TA	1	2	2000
Lowe BK					1	9	44	4900	1	7	15	2072	1	1	1	1000
Bobill BB					1	3	44	14700	1	8	8	1035	1	1	1	1000
Nickson BM					2	114	100	873	1	1	6	649	TA	2	2	1000
Nix Curtis BH					1	1	1	1000	2	75	153	2029	TA	2	35	1296
Schenrich Fed.	1	1	1	1000	1	9	24	2667	1	2	1	458	TA	27	2	1000
Scout Fed.					1	17	38	2235	1	9	24	2778	TA	4	6	1395
State BG					1	29	13	458	1	13	20	1542	1	1	1	833
State AU	1	10	10	1018	1	2	12	6000	1	3	1	328	1	1	6	6000
State AX	1	3	15	5000	1	8	24	3000	1	2	12	6000	1	1	11	5500
Thomas	1	7	25	3420	2	58	144	2475	2	7	23	3474	1	2	35	2500
Wilkinson AZ					1	6	13	2213	1	35	92	2608	2	14	11	5500
Wates Fed.					1	38	112	2922	1	6	5	909	1	3	4	1212
Wates Fee AS	1	27	27	993	2	4	9	2093	2	33	38	1152	2	17	20	1176
Wates Fed. (WC) AK	1	8	10	1241	1	4	9	2886	1	3	9	2727	1	2	5	2273
	8	184	224	1217	23	412	1190	2886	26	303	791	2610	21	109	177	1624

BEFORE EXAMINER U72  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 9A  
CASE NO. 4745  
Submitted by \_\_\_\_\_  
Approved by \_\_\_\_\_

GAS-OIL RATIO TESTS, EAGLE CREEK (S.A.) POOL

	July 1968				July 1971				September 1971				January 1972				May 1972					
	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR	Wells	BOPD	MCF	GOR		
White BU																						
McCaw BT					1	2	3	1376	1	2	3	1376	1	2	2	944	1	1	2	1583		
Federal BQ					1	10	11	1108	2	16	25	1555	2	12	15	1216	2	9	11	1222		
Federal AT	2	27	35	1296	1	11	5	473	2	14	19	1357	2	13	18	1350	2	10	13	1300		
Federal BO					4	46	42	916	4	36	32	889	4	33	27	810	4	30	25	833		
Lazy J					3	75	42	563	4	82	100	1225	4	48	47	975	4	47	46	979		
Eagle Creek BL	1	46	110	2391	4	156	143	915	4	103	88	854	4	102	56	551	4	77	53	688		
Mitchell					2	14	40	2887	2	12	34	2833	2	10	29	2887	2	9	25	2630		
Hissler AV					1	3	5	1667	1	6	6	1000	1	7	6	872	1	6	5	833		
Program Jackson BV					6	108	115	1066	6	75	75	1000	6	53	36	804	6	46	34	739		
Federal BZ					3	104	84	810	3	65	63	969	3	20	21	1061	3	21	19	905		
Federal CB					4				4	168	185	1098	9	120	234	1954	9	89	175	1966		
Jackson Est. BY					1				1	9	11	1180	1	2	18	8973	1	1	9	7417		
Federal BW					4				4	150	177	1178	5	81	87	1075	5	59	65	1102		
Federal LDY					4				4	84	85	1015	4	56	41	739	4	37	29	784		
Federal CD					2				2	21	12	571	2	3	10	3443	2	1	8	6308		
City of Artesia CY													2	17	31	1821	2	10	23	2300		
Morris Est. CC													1	2	6	3158	1	1	5	4800		
otal Eagle Creek	3	373	145	3687	26	529	490	926	44	843	915	1085	55	47	66	1394	55	35	49	1400		
																					596	1219

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 9B  
CASE NO. 4745



YATES BUILDING - 207 SOUTH 4TH ST.  
ARTESIA, NEW MEXICO - 88210

May 22, 1972

S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

*Case 4745*

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Herewith is an application for Special Pool rules for the Penasco Draw-S.A.-Yeso Pool. We would ask that this application be placed on Docket for the first Hearing scheduled after June 19. Please note that a Commission Order No. R-3169, Case No. 3502, exists for the Penasco Draw and Eagle Creek Pools, but concerns the drilling, casing, cementing and plugging of wells in these pools for the protection of the Artesian Water Zone.

Very truly yours,

YATES PETROLEUM CORPORATION

*Eddie M. Mahfood*  
Eddie M. Mahfood  
Petroleum Engineer

EMM:jg

Attachments

DOCKET MAILED

Date 6-13-72



YATES BUILDING - 207 SOUTH 4TH ST.  
ARTESIA, NEW MEXICO - 88210

S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

May 19, 1972

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 4745*

Re: Special Pool Rules for the  
Penasco Draw San Andres Pool,  
Eddy County, New Mexico.

Dear Mr. Porter:

Application is hereby submitted by Yates Petroleum Corporation for the creation of an Oil and Gas Pool with Special Pool rules, Eddy County, New Mexico. The Penasco Draw Field is located some 10 - 15 miles southwest of Artesia, presently comprising acreage in the Southwest quarter section of T18S-R25E and in the North half section of T19S-R25E, NMPM.

The Penasco Draw Field was drilled and developed as an oil field with standard oil-unit spacing. Associated gas was discovered in the San Andres formation while drilling the Greasewood BD State No. 1 well in Section 5-19S-25E and the Johnston BE No. 1 Federal in Section 8-19S-25E, both in May 1967, and in subsequent wells occurring above an approximate sub-sea elevation of +2225 ft. The gas is sour having an hydrogen-sulfide content ranging from 800 to 2000 grains of Sulfur per 100 cu-ft of gas. Until now we have been unable to secure a market because of a lack of reserve determinations and economics, and this gas field has been contained behind casing. In order to promote better economics and thereby open up a market for these shut in reserves, applicant seeks special rules and regulations governing the creation and spacing of an Associated Oil and Gas Pool, as follows:

1. that each well completed or re-completed hereafter in this pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereafter set forth;

May 19, 1972

Page - 2 -

Mr. A. L. Porter, Jr., Secretary-Director

2. (a) that each gas well shall be located on a standard unit containing 320 acres, more or less, and shall be no nearer than 660 ft from the outer boundary and 330 ft from any quarter-quarter line;

2. (b) that each oil well shall be located on a standard unit as provided for by Rules 104B and 104C;

3. that the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice of hearing when an application has been filed for a non-standard unit subject to the following provisions:

(a) the non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side;

(b) the unorthodox location is necessitated by topographical conditions or the re-completion of a well previously drilled to another horizon;

(c) the applicant presents written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after notices have been mailed;

4. that a well may be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons;

5. that the limiting gas-oil ratio shall be 3,000 cubic feet of gas for each barrel of oil produced;

6. that an oil well having 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit allowable for the pool by its limiting gas-liquid ratio; and if there is more than one oil well on a 40-acre oil proration unit, the gas assigned to the unit may be produced from the wells in any proportion;



May 19, 1972

Page - 3-

Mr. A. L. Porter, Jr., Secretary-Director

7. that a gas-liquid ratio test be taken on any newly completed well within 30 days after first production of new oil unless the well is connected to a gas gathering facility or producing under a temporary gas allowable assigned or exempted; that any well which is shut-in shall be exempt from the gas-liquid ratio test requirement so long as it remains shut-in;

8. that gas-liquid ratio tests shall be taken on all oil wells twice a year during the months of February and August except that the initial gas-liquid ratio test may suffice for the first semi-annual test;

9. that an initial shut-in pressure test shall be taken on each gas well prior to its open flow potential, and that the pool shall be exempt from periodic shut-ins except as necessitated by Treating Plant shut-downs;

10. that the monthly gas production from each lease shall be metered separately and reported monthly on Commission form C-115, showing thereon what disposition has been made of the gas;

11. that the casinghead gases from each oil well may be gathered unmetered into a common casinghead gas gathering system, that the total casinghead gas shall be metered prior to commingling with the gas-well gas gathering system, that the gas production from each well shall be allocated proportionately on the basis of production times the last gas-oil ratio test, and reported monthly on the Commission form C-115.

It is further requested that down-hole commingling of LDY, Penasco Massive and Yeso oil as already provided for in the existing Penasco Draw, SA-Yeso Pool be continued in re-classified gas wells provided that a conflict of interpretation of the rules set out above do not arise.

Approval of this application should afford the economic justification for construction of a sour-gas treating plant in the immediate area such that new gas reserves may be established, that casinghead gas

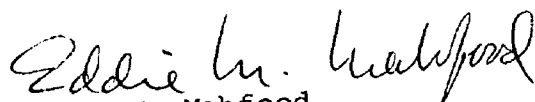
May 19, 1972

Mr. A. L. Porter, Jr., Secretary-Director

being flared now for lack of facilities will become economically feasible to be gathered and marketed, that applicant will be afforded the opportunity to produce its just and equitable share of the gas. will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent the loss of reserves which might result from the drilling of too few wells, and will otherwise prevent waste and protect correlative rights. Applicant further states that the Yates Group are the sole producer and operator in the Penasco Draw SA-Yeso Pool, and waive objections to the provisions asked for herein.

Very truly yours,

YATES PETROLEUM CORPORATION

  
Eddie M. Mahfood  
Petroleum Engineer

EMM:jg

Grid of names and numbers (e.g., 18, 19, 25, 26, 29, 30, 36) with associated text and symbols.

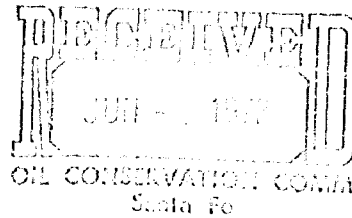
285

DAYTON

Page 4745



YATES BUILDING - 207 SOUTH 4TH ST.  
ARTESIA, NEW MEXICO - 88210



S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

June 5, 1972

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 4745*

Re: Special Pool Rules for the  
Penasco Draw San Andres Pool,  
Eddy County, New Mexico

Dear Mr. Porter:

Application is hereby submitted by Yates Petroleum Corporation for the creation of an Oil and Gas Pool with Special Pool rules, Eddy County, New Mexico. The Penasco Draw Field is located some 10 - 15 miles Southwest of Artesia, New Mexico, presently comprising acreage in the Southeast quarter of Township 18 South, Range 25 East, and in the North half of Township 19 South, Range 25 East, N.M.P.M.

The Penasco Draw Field was drilled and developed as an oil field with standard oil-unit spacing. Associated gas was discovered in the San Andres formation while drilling the Greasewood BD State No. 1 Well in Section 5, Township 19 South, Range 25 East, and the Johnston BE No. 1 Federal in Section 8, Township 19 South, Range 25 East, both in May, 1967, and in subsequent wells occurring above an approximate sub-sea elevation of +2225 feet. The gas is sour with a hydrogen-sulfide content ranging from 800 to 2000 grains of sulfur per 100 cubic feet of gas. Until now we have been unable to secure a market for this gas because of a lack of reserve determinations and economics, and this gas field has been contained behind casing.

Special Pool rules covering protection of artesian water were established by Order No. R-3169 entered on December 28, 1966, in Case No. 3502.

In order to promote better economics and thereby open up a market for these shut-in reserves, applicant seeks additional special

temporary rules and regulations governing the creation and spacing of an associated oil and gas pool, as follows:

RULE 1. (a) Each gas well shall be located on a standard unit comprising 320 acres, more or less, substantially in the form of a rectangle, which is a half section being a legal subdivision of the United States Public Land Surveys.

RULE 1. (b) Each oil well shall be located on a standard unit as provided for by Rules 104-B and 104-C.

RULE 2. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 1(a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental quarter section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within

Mr. A. L. Porter, Jr., Secretary-Director

June 5, 1972

-3-

30 days after the Secretary-Director has received the application.

RULE 3. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of a quarter-quarter section.

RULE 4. A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 5. That the limiting gas-oil ratio shall be 3,000 cubic feet of gas for each barrel of oil produced.

RULE 6. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

RULE 7. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided, however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned

Mr. A. L. Porter, Jr., Secretary-Director

June 5, 1972

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in accordance with Rule 10. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 8. If the gas-liquid ratio is 10,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 8. Gas-liquid ratio tests shall be taken on all wells during the months of February and August of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Artesia Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 9. An initial-shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 10. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the Commission's Artesia Office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's Artesia Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

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RULE 11. The monthly gas well gas production from each lease shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 12. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the oil proration schedule.

RULE 13. The casinghead gases from each oil well may be gathered unmetered into a common casinghead gas gathering system. The total casinghead gas shall be metered prior to commingling with the gas well gas gathering system, and the gas production from each well shall be allocated proportionately on the basis of production times the last gas-oil ratio test, and reported monthly on the Commission Form C-115.

RULE 14. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 15. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 16. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.



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RULE 17. That the location of all wells presently drilling to or completed in the Penasco Draw-San Andres Pool, or in the San Andres formation within one mile thereof, are approved.

It is further requested that down-hole commingling of LDY, Penasco Massive and Yeso oil as already provided for in the existing Penasco Draw, SA-Yeso Pool be continued in re-classified gas wells, provided that a conflict of interpretation of the rules set out above do not arise.

Approval of this application should afford the economic justification for construction of a sour-gas treating plant in the immediate area such that new gas reserves may be established, that casing-head gas being flared now for lack of facilities will become economically feasible to be gathered and marketed, that applicant will be afforded the opportunity to produce its just and equitable share of the gas, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent the loss of reserves which might result from the drilling of too few wells, and will otherwise prevent waste and protect correlative rights. Applicant further states that the Yates Group are the sole producer and operator in the Penasco Draw SA-Yeso Pool.

Please set this matter for hearing before an examiner as soon as possible after June 20, 1972.

Very truly yours,

YATES PETROLEUM CORPORATION

*Eddie M. Mahfood*  
Eddie M. Mahfood  
Petroleum Engineer

DRAFT

TWD/dr

*(Handwritten initials)*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

*(Handwritten signature)*

CASE NO. 4745

Order No. R-~~4440~~

*R-4365-A*

IN THE MATTER OF CASE NO. 4745 BEING  
REOPENED PURSUANT TO THE PROVISIONS  
OF ORDER NO. R-4365, WHICH ORDER  
ESTABLISHED SPECIAL RULES AND REGULATIONS  
FOR THE PENASCO DRAW-SAN ANDRES-YESO POOL,  
EDDY COUNTY, NEW MEXICO.

*(Handwritten signature)*

*(Handwritten signature)*

*(Handwritten signature)*

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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 19, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this            day of October, 1973, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Order No. R-4365, dated August 28, 1972,  
temporary special rules and regulations were promulgated for the  
Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico,  
establishing 40-acre spacing units for oil wells, 320-acre spacing  
units for gas wells, providing for classification of oil wells  
and gas wells and imposing a limiting gas-oil ratio of 3000 to 1.

(3) That pursuant to the provisions of Order No. R-4365, this case was reopened to allow operators in the subject pool to appear and show cause why the special rules and regulations promulgated by that order should not be discontinued and why the limiting gas-oil ratio of 3000 to 1 should not be reduced.

(4) The evidence establishes that the gas area of the subject pool can be efficiently and economically drained and developed on 320-acre spacing and that the oil area of the subject pool can be efficiently and economically drained and developed on 40-acre spacing.

(5) That the applicant has submitted evidence indicating that the limiting gas-oil ratio should be lowered to 2,000 to 1.

(6) That the Special Rules and Regulations promulgated by Order No. R-4365 as modified by this order will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4365, with the exception of the limiting gas-oil ratio established therein, ~~should be continued in full force and effect until further order of the Commission.~~ <sup>stay</sup> OK

(8) That the limiting gas-oil ratio in the subject pool should be reduced to 2000 to 1.

IT IS THEREFORE ORDERED:

(1) That <sup>Rule 6 of</sup> the Special Rules and Regulations governing the <sup>as promulgated by Order No. R-4365</sup> Penasco Draw San Andres-Yeso Pool, ~~are~~ hereby amended to ~~provide~~ <sup>is</sup> for a limiting gas-oil ratio of 2,000 to 1: ~~read in its entirety~~ <sup>as follows:</sup>

"RULE 6. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced."

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*for the Penasco Draw San Andres-Yasa Pool, Eddy County,*  
(2) That the Special Rules and Regulations as modified by  
this order, are hereby continued in full force and effect until  
further order of the Commission.

(3) That jurisdiction of this cause is retained for the  
entry of such further orders as the Commission may deem necessary.

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

*New Mexico, as promulgated by Order No. R-1966, and*

DRAFT

GMH/dr

*(Handwritten initials)*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

*(Handwritten initials)*

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 4745

Order No. R-4365

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR POOL REDEFINITION  
AND SPECIAL POOL RULES, EDDY  
COUNTY, NEW MEXICO.

*(Handwritten signature)*

*(Handwritten signature)*

*(Handwritten signature and date: 7-18-72)*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1972,  
at Santa Fe, New Mexico, before Examiner Elvis A. UTZ.

NOW, on this July day of July, 1972, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks  
the promulgation of special rules and regulations for the Penasco  
Draw San Andres-Yeso Pool, Eddy County, New Mexico, including  
provisions for the classification of oil and gas wells, 40-acre  
spacing for oil wells, 320-acre spacing for gas wells, and a  
limiting gas-oil ratio of 3,000 to one.

(3) That the applicant further seeks authority to  
commingle on the surface production from gas  
wells prior to commingling, metering and to  
report said gas on a lease basis.

(4) That the applicant further seeks authority  
to commingle on the surface all casinghead gas  
prior to metering and to allocate said casinghead  
gas to the various wells on the basis of  
gas-oil ratio tests.

(5) ~~43~~ That while the Penasco Draw San Andres-Yeso Pool is presently classified as an oil pool, the evidence adduced indicates that it is in fact an "associated" reservoir.

(6) ~~44~~ That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 320-acre spacing, and that the oil area can be efficiently and economically drained and developed on 40-acre spacing.

(7) ~~45~~ That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(8) ~~46~~ That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons.

(9) ~~47~~ That temporary special rules and regulations providing for 320-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to 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, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) ~~48~~ That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for a gas-liquid ratio of ~~2,000~~<sup>2,000</sup> cubic feet of gas per barrel of liquid hydrocarbons until such time as the pool has gas gathering and transportation facilities, and thereafter a limiting gas-oil ratio of 3,000 to 1, in order to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or

gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(11) ~~(9)~~ That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(12) ~~(10)~~ That this case should be reopened in July August, 1973, at which time the operators in the subject pool should be required to establish that a gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons will effectively maintain the gas-oil contact in the subject pool, and that the special rules and regulations should be continued in effect.

~~(11) That the applicant further seeks approval of a 320-acre non-standard gas spacing unit in the Penasco Draw San Andres-Yeso Pool comprising the \_\_\_\_\_ of Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_, NMPM, Eddy County, New Mexico, to be dedicated to its \_\_\_\_\_ located in Unit \_\_\_\_\_ of said Section \_\_\_\_\_.~~

~~(12) That the proposed non standard gas spacing unit should be approved.~~

IT IS THEREFORE ORDERED:

That, effective September 1, 1972, ~~the date of this order~~, temporary Special Rules and Regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
PENASCO DRAW SAN ANDRES-YESO POOL

RULE 1. Each well completed or recompleted in the Penasco Draw San Andres-Yeso Pool or in the San Andres or Yeso formations within one mile thereof, and not nearer to or within the limits of another designated San Andres or Yeso pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 320 acres which shall comprise any two ~~more or less, substantially in the~~ contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Land Survey. For purposes of these rules, a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard unit.

*(13) (17) That the applicant's request to continue on the case before you is for production from gas wells prior to metering and to report to the state on a regular basis.  
(14) (17) That the applicant's request to continue on the case before you is for production from gas wells prior to metering and to allocate said casinghead gas to the various wells on the basis of gas-oil ratio to be approved.*

~~form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.~~

RULE 2. (b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2(a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental quarter section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.



RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of a quarter-quarter section.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 10,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 10,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall <sup>remain 2,000</sup> be ~~3,000~~ cubic feet of gas for each barrel of oil produced <sup>OK-</sup> ~~until such time as~~ there <sup>are</sup> ~~are~~ in operation in the pool gas gathering and transportation facilities, and thereafter the limiting gas-oil ratio shall be 3,000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce an amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

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RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 10,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. Gas-liquid ratio tests shall be taken on all wells during the months of January and July of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Artesia Office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with

the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the Commission's Artesia Office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's Artesia Office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

RULE 12. ~~Balancing dates shall be 7 o'clock a.m. January the first and 7 o'clock a.m. July the first, and the periods of time bounded by these dates shall be gas proration periods.~~

*known as the balancing date, the twelve months following this date shall be known as the proration period.*

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in

*Rule 12: That the initial gas proration period shall be from 7:00 a.m. September 1, 1972, to 7:00 a.m. January 1, 1974. Subsequently, the date 7:00 a.m. January 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.*

*OK done*

during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the oil proration schedule.

RULE 20. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported,

permitted only between leases of identical ownership throughout, including working interest, royalty interest, and overriding royalty interest. Casinghead gas from ~~leases of~~ <sup>any</sup> varying ownership shall be continuously metered prior to commingling with gas from any other lease.

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provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

IT IS FURTHER ORDERED:

~~(1) That a 320-acre non-standard gas spacing unit comprising the \_\_\_\_\_ of Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_, NMPM, Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, is hereby approved and dedicated to the \_\_\_\_\_, located in Unit \_\_\_\_\_ of said Section \_\_\_\_\_.~~

~~(3) (2) That the locations of all wells presently drilling to or completed in the Penasco Draw San Andres-Yeso Pool or in the \_\_\_\_\_ formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before September 15, 1972 ~~August 12, 1972~~.~~

~~(4) (2) That all operators shall, prior to September 15, 1972 file with the Commission Form C-102 for each well showing the acreage dedicated to the well.~~

~~(5) (2) That all operators shall take new gas-oil ratio tests on all wells and file the results thereof with the Commission on Form C-116 prior to September 1, 1972 ~~October 1, 1972~~; that the daily tolerance provision of Commission Rule 502 I is hereby waived for the purpose of testing wells at the allowable rate authorized by these rules.~~

~~(6) (2) That this case shall be reopened at an examiner hearing in July August, 1973, at which time the operators in the subject pool shall show cause why the gas-liquid ratio limitation of 3,000 cubic feet of gas per barrel of liquid hydrocarbons should not be reduced and why the special rules and regulations promulgated by this order should not be discontinued.~~

~~(9) (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.~~

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

*(1) That the applicant's request to commingle on the surface gas production from the wells prior to welling out to report said gas production on a lease basis is hereby denied.  
(2) That the applicant is hereby authorized to commingle gas to measurement all casinghead gas production from its wells producing from the Penasco Draw San Andres-Yeso Pool and to allocate funds to casinghead gas production to said wells or the casinghead gas oil ratio test, provided however, such commingling shall be*

(7) That the Special Rules and Regulations for the Penasco Draw San Andres-Yeso Pool herein promulgated shall be in addition to the Special Rules and Regulations promulgated for said pool by Order No. R-3169.

(8) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing *gas* wells in the Penasco Draw San Andres-Yeso Pool shall have dedicated thereto <sup>320</sup>~~160~~ acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating <sup>320</sup>~~160~~ acres to a <sup>*gas*</sup> well or to obtain a non-standard unit approved by the Commission <sup>*by September 5, 1972 effective*</sup>~~within 60 days from the date~~ of ~~this order~~ shall subject the well to cancellation of allowable. ~~Until said Form C-102 has been filed or until a non-standard unit has been approved and subject to said 60-day limitation, each well presently drilling to or completed in the Penasco Draw San Andres-Yeso Pool shall receive no more than one-fourth of a standard allowable for the pool.~~

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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