

CASE 7389: YATES PETROLEUM CORPORATION  
FOR AN AMENDMENT TO DIVISION ORDER NO. *in*  
R-4365, EDDY COUNTY, NEW MEXICO

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DOCKET FILED

DATE 10/9/81

Case No.

7389

Application

Transcripts.

Small Exhibits

ETC



November 19, 1981

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Re: CASE NO. 7389  
ORDER NO. R-5353-H

Yates Petroleum Corporation

Yours very truly,

JOE D. RAMEY  
Director

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7389  
ORDER NO. R-5353-H

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN AMENDMENT TO  
DIVISION ORDER NO. R-4365, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of November, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Associated Pool, by amending Rule 5(b) to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9(a) to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.

(3) That effective February 1, 1977, Division Order No. R-4365 was superseded by Division Order No. R-5353 and the subject application was amended at the time of the hearing to reflect this change.

(4) That the applicant has recently developed producing Yeso formation oil wells on acreage dedicated to San Andres formation gas wells in said associated pool.

(5) That such oil wells are not in direct or effective communication with the San Andres gas reservoir.

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Case No. 7389

Order No. R-5353-H

(6) That permitting the simultaneous dedication of acreage to gas wells and oil wells in said pool may provide for more efficient and economic production therefrom provided that simultaneous dedication in the same formation is prohibited.

(7) That gas-liquid ratios in said pool have stabilized.

(8) That the annual gas-liquid ratio test period sought will provide the Division sufficient data with which to regulate said pool.

(9) That the amendment of Rule 5(b) and Rule 9(a) of the Special Rules and Regulations for the Penasco Draw-San Andres-Yeso Associated Pool will not result in waste nor violation of correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That Rule 5(b) of the Special Rules and Regulations for the Penasco Draw-San Andres-Yeso Associated Pool contained in Division Order No. R-5353, as amended, is hereby amended to read in its entirety as follows:

"RULE 5. (b). The simultaneous dedication of any acreage to an oil well and a gas well within the same formation is prohibited."

(2) That Rule 9(a) of the Special Rules and Regulations for said Penasco Draw-San Andres-Yeso Associated Pool is hereby amended to read in its entirety as follows:

"RULE 9. (a) Annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Division. The initial gas-liquid ratio test shall suffice as the first 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 Division 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 appropriate district office of the Division 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. The supervisor of the appropriate district office of the Division may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids,

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Case No. 7389

Order No. P-5353-H

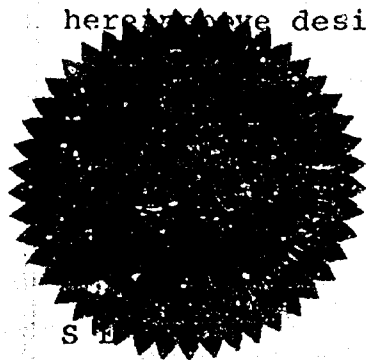
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Special tests shall also be taken at the request of the Division Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Division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

(3) That the effective date of this order and of the special pool rule amendments contained herein shall be October 1, 1981.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director

S F

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
21 October 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum  
Corporation for an amendment to  
Division Order No. R-4365, Eddy  
County, New Mexico.

CASE  
7389

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq.  
LOSEE, CARSON, & DICKERSON  
P. O. DRAWER 239  
Artesia, New Mexico 88210



I N D E X

EDDIE MAHFOOD

Direct Examination by Mr. Dickerson 3

Cross Examination by Mr. Stamets 7

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E X H I B I T S

Applicant Exhibit One, Plat 5

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MR. STAMETS: We will call next Case  
7389.

MR. PEARCE: Application of Yates Petroleum Corporation for an amendment to Division Order No. R-4365, Eddy County, New Mexico.

MR. DICKERSON: I'm Chad Dickerson from Artesia, Mr. Examiner, and I have one witness.

(Witness sworn.)

EDDIE MAHFOOD

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Will you state your name and your occupation, please?

A Eddie Mahfood, engineer, Yates Petroleum.

Q Mr. Mahfood, have you testified before this Commission as a petroleum engineer previously and had your credentials made a matter of record?

A Yes, sir, I have.

MR. DICKERSON: Mr. Examiner, is Mr.

1 Mahfood qualified?

2 MR. STAMETS: He is.

3 Q. Mr. Mahfood, will you briefly state the  
4 purpose of Yates application in this proceeding?

5 A. Back in the late '60s and early '70s  
6 Yates Petroleum ventured into drilling some shallow oil wells  
7 in the Rio Penasco Draw -- in the Penasco Draw-Yeso-San Andres  
8 and Eagle Creek-San Andres.  
9

10 And by early '72 a large amount of gas  
11 was being vented and nobody to pick up the gas.

12 So Yates ventured into a deal with  
13 Transwestern Pipeline if we could prove substantial gas re-  
14 serves in the gascap of the oil field, that they would go  
15 ahead and put in a plant and enable us to deliver gas to  
16 them.

17 So I came to a hearing in '72 and asked  
18 for 320 spacing for the referenced gascap. At that time we  
19 were talking about the San Andres gascap. We had no idea  
20 that there was any oil in the northeast end of this formation,  
21 of any commercial quantity.

22 So we got this 320 spacing and inad-  
23 vertently we had a statement in one of the rules, the May  
24 '70s dedication of oil well spacing for the gas well spacing.

25 The purpose of this hearing --

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Q Mr. Mahfood, you're referring to Rule Five of the Special Rules and Regulations for the Penasco Draw-San Andres -Yeso Pool, are you not?

A That is correct.

Q Would you refer the Examiner to what is marked Exhibit Number One and describe what that shows?

A Exhibit Number One shows the 320-acre spacing dedicated to gas reservoir drilled in the gascap, and outlined in red and colored in yellow. The wells themselves are circled in red.

The little black dots in there are more recent Yeso oil wells. They're drilled on 40-acre spacing and some of them are in the same spacing as the gas wells, San Andres gas wells.

Q And these Yeso oil wells have already been drilled and completed?

A Yes, they've already been drilled and completed.

Q How is it, Mr. Mahfood, that these wells were drilled in the face of this order which prohibited simultaneous dedication of acreage to an oil well and a gas well?

A I think Yates Petroleum and the Oil Commission inadvertently overlooked that Rule Five condition.

1  
2 Q At the time this Rule Five was originally  
3 promulgated was there an anticipation of Yesso production in  
4 that immediate area at that time?

5 A No.

6 Q What provision in Rule Nine of the  
7 Special Rules and Regulations does Yates seek to amend in  
8 this proceeding?

9 A We'd like to change the biennial gas/oil  
10 ratio test to annual test.

11 Q And what would be the advantages of an  
12 annual as opposed to a semi-annual requirement?

13 A Right now we've got so many wells it's  
14 very difficult to get the semi-annual tests out in time and  
15 the ratios do not vary that much, anyhow.

16 Q It's your testimony that there is not  
17 customarily a significant variance between the gas/oil ratio  
18 test from one six-month period to the next?

19 A That is correct.

20 Q Do you have anything else you'd like to  
21 add with respect to this application?

22 A No.

23 MR. DICKERSON: Mr. Examiner, that's all  
24 our testimony unless you have questions.  
25

1  
2 MR. STAMETS: Let's go off the record  
3 a minute.  
4

5 (There followed a discussion  
6 off the record.)  
7

8 MR. STAMETS: Mr. Dickerson, it appears  
9 as though Order R-4365 has been superseded by Order R-5353,  
10 which is the rule providing the general rules and regulations  
11 for associated pools in southeast New Mexico.

12 It appears to me that anybody who was  
13 knowledgeable about the oil business would have picked that  
14 up and would still understand that the intent of your appli-  
15 cation would be the same regardless of whether we're amending  
16 either of those two orders.

17 But I would entertain a motion to amend  
18 the application to read Order R-5353 where it says 4365.

19 MR. DICKERSON: Yates Petroleum Corpor-  
20 ation so moves, Mr. Examiner.

21 MR. STAMETS: All right.  
22

23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Now, Mr. Mahfood, it would not be your

1 intention, would it, to simultaneously dedicate acreage to  
2 oil wells and gas wells in the same formation? By that I  
3 mean you would not simultaneously dedicate San Andres oil  
4 and San Andres gas.  
5

6 A. That is correct. I would not dedicate  
7 San Andres oil and San Andres gas.

8 Q. But you might have a San Andres gas  
9 well dedicated simultaneously to acreage involved in a Penasco  
10 or a --

11 A. In a Yeso.

12 Q. -- Yeso oil well.

13 A. That is correct.

14 Q. Okay. There are only four -- how many  
15 gas wells are there in this pool at this time?

16 A. There are five gas wells in this pool.  
17 The other one is in the east part of the field, and I did  
18 not incorporate it in this.

19 Q. Have any wells shifted back and forth  
20 from oil to gas and gas to oil, as a result of these semi-  
21 annual gas/liquid ratio tests?

22 A. No, sir.

23 Q. So the field has arrived at a fairly  
24 stable situation and you really don't see any advantage to  
25 these semi-annual tests?

1

2

A.

That's true, sir.

BY THE COURT: OKAY

3

Q.

Okay.

4

MR. STAMETS: Any other questions of

5

this witness? He may be excused.

6

Anything further in this case?

7

The case will be taken under advisement.

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(Hearing concluded.)

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C E R T I F I C A T E

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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 197-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 7389  
heard by me on 10-21 1981.

Richard L. Stumit, Examiner  
Oil Conservation Division

Docket Nos. 34-81 and 35-81 are tentatively set for October 21 and November 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 14, 1981

9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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(The following cases are continued from the October 14, 1981, Commission hearing to October 16, 1981.)  
CASE 7345: (Continued and Readvertised)

Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres, Bone Springs and Pennsylvanian formations, Lovington Field, underlying the N/2 NE/4 of Section 13, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7323: (DE NOVO)

Application of Clements Energy, Inc., for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 32, Township 15 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company, this case will be heard DE NOVO pursuant to the provisions of Rule 1220.

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Docket No. 34-81

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 21, 1981

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for November, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7373: Application of J. C. Williamson for Amendment of Division Order No. R-6738, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-6738, which approved an unorthodox location for a well 1560 feet from the North line and 1830 feet from the West line of Section 10, Township 23 South, Range 34 East. Applicant seeks the Amendment of said order to reflect the corrected location of said well at a point 1580 feet from the North line and 2614 feet from the West line of said Section 10.

CASE 7374: Application of Dugan Production Corporation for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Farmington formation well located 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West, the E/2 of said Section 9 to be dedicated to the well.

- CASE 7375:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Angel Peak Gallup-Basin Dakota production in the wellbore of its McAdams Well No. 2 located in Unit P of Section 34, Township 27 North, Range 10 West.
- CASE 7376:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Bisti-Lower Gallup production in the wellbore of its Big 8 Well No. 1-E, located in Unit O of Section 8, Township 24 North, Range 9 West.
- CASE 7377:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its July Jubilee Well No. 1 located in Unit G of Section 30, Township 24 North, Range 9 West.
- CASE 7378:** Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache E Well No. 1, located in Unit A of Section 18, Township 26 North, Range 3 West.
- CASE 7356:** (Continued from September 23, 1981, Examiner Hearing)
- Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7379:** Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.
- CASE 7380:** Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2310 feet from the North line and 1325 feet from the East line of Section 10, Township 22 North, Range 9 West, the SW/4 NE/4 of said Section 10 to be dedicated to the well.
- CASE 7381:** Application of H. L. Brown, Jr., for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 2310 feet from the East line of Section 34, Township 7 South, Range 37 East, Bluit-Wolfcamp Gas Pool, the E/2 of said Section 34 to be dedicated to the well.
- CASE 7382:** Application of TXO Production Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow well to be drilled 660 feet from the South and West lines of Section 20, Township 17 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.
- CASE 7383:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the NW/4 of Section 19, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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- CASE 7384: Application of Morris R. Antwell for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 18 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7385: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota production in the wellbore of its San Juan 27-5 Unit Well No. 59, located in Unit A of Section 6, Township 27 North, Range 5 West.
- CASE 7386: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 54, located in Unit L of Section 31, Township 27 North, Range 5 West.
- CASE 7387: Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and East lines of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, the N/2 NE/4 of said Section 32 to be dedicated to the well.
- CASE 7388: Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the Northeast Lusk Yates Pool, 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East the SW/4 NE/4 of said Section 15 to be dedicated to the well.
- CASE 7389: Application of Yates Petroleum Corporation for an Amendment to Division Order No. R-4365, Eddy County, New Mexico. Applicant, in the above-styled cause seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Pool, by amending Rule 5 to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9 to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.
- CASE 7365: (Continued from October 7, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for the amendment of Order No. R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "JM" No. 2 Well, drilled at an unorthodox Morrow location 660 feet from the South line and 660 feet from the East line of said Section 25, Township 18 South, Range 24 East, in any and all Wolfcamp and Pennsylvanian pays in said well.
- CASE 7390: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 18, Township 9 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7391: Application of Harvey E. Yates Company for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the Travis Penn Unit encompassing 480 acres, more or less, underlying all or portions of Sections 12 and 13, Township 18 South, Range 28 East, Eddy County, New Mexico.

The unitized interval would be the Cisco-Canyon formation between the depths of 9815 feet and 9935 feet in Harvey E. Yates Company's Travis Deep Unit No. 2 Well. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

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- CASE 7392: Application of Sam H. Snoddy, for an unorthodox gas well location in the Oil-Potash Area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the location of a Pennsylvanian well to be drilled 660 feet from the North and East lines of Section 26, Township 20 South, Range 32 East, Oil-Potash Area, the N/2 of said Section 26 to be dedicated to the well.
- CASE 7393: Application of Uriah Exploration Incorporated for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco, Canyon and Morrow formations underlying the W/2 of Section 13, Township 22 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7394: Application of Supron Energy Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian well to be drilled 467 feet from the North line and 1650 feet from the West line of Section 13, Township 22 South, Range 24 East, the N/2 of said Section 13 to be dedicated to the well.
- CASE 7395: Application of Curtis J. Little for Designation of a Tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 25 and 26 North, Ranges 6 and 7 West containing a total of 14,400 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.
- CASE 7300: (Reopened and Readvertised)
- Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,018 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.
- CASE 7352: (Continued from September 23, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for designation of a tight formation, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 107 of the Natural Gas Policy Act 18-CFR Section 271. 701-705, seeks the designation as a tight formation of the Permian formation underlying all of the following townships:

Township 17 South, Ranges 24 thru  
26 East;

18 South, 24 and 25 East,

19 South, 23 thru 25 East;

20 South, 21 thru 24 East;

20 1/2 South, 21 and 22 East;

21 South, 21 and 22 East;

Also Sections 1 thru 12 in

22 South, 21 and 22 East,

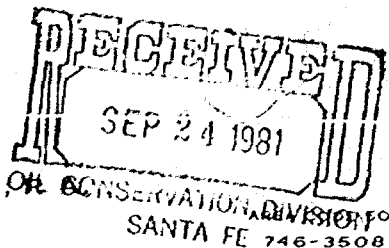
All of the above containing a total of 315,000 acres more or less.

YATES PETROLEUM CORPORATION  
Penasco Draw, Yesso-S.A.  
LEASE OWNERSHIP PLAT  
Location & Dedicated Acreage  
of Associated Gas Wells (San Andres)  
and recent Yesso Oil Wells.

Case 7389 10-24-80  
Exhibit #1

A. J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

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ARTESIA, NEW MEXICO 88210



September 21, 1981

Mr. Joe D. Ramey  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Case No. 4745  
Order No. R-4365

*Case 7389*

Dear Mr. Ramey:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Amendment to Special Pool Rules, Eddy County, New Mexico.

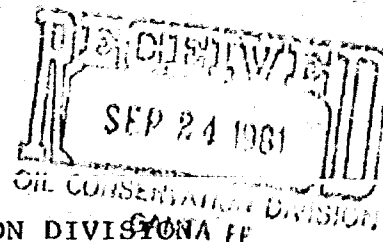
We ask that this cause be set for hearing before an examiner and that you furnish us with a docket of said hearing.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

Chad Dickerson

CD:paf  
Enclosures  
cc w/enc. Yates Petroleum Corporation



BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

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IN THE MATTER OF THE APPLICATION :  
OF YATES PETROLEUM CORPORATION :  
FOR AMENDMENT TO SPECIAL :  
POOL RULES, EDDY COUNTY, NEW :  
MEXICO :

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

Case 7389

APPLICATION

COMES NOW Yates Petroleum Corporation, by its  
attorneys, and states:

1. Heretofore, in Case No. 4745, Order No. R-4365,  
as amended, the Commission promulgated special rules and  
regulations for the Penasco Draw San Andres-Yeso Pool.
  2. That Rule 5 of the special rules and regulations  
for the Penasco Draw San Andres-Yeso Pool should be amended to  
remove the prohibition against simultaneous dedication of any  
acreage to an oil well and a gas well.
  3. That Rule 9 of the special rules and regulations  
for the Penasco Draw San Andres-Yeso Pool should be amended to  
provide for annual gas-liquid ratio tests in lieu of semi-annual  
tests.
- WHEREFORE, applicant prays:
- That, after notice and hearing as provided by law,  
the division;
- A. Amend said Rule 5 to permit the simultaneous  
dedication of gas wells and oil wells.
  - B. Amend Rule 9 to provide for annual gas-liquid  
ratio tests in lieu of semi-annual tests.



C. For such other and further relief as to the  
Division seems proper.

YATES PETROLUEM CORPORATION

By   
Chad Dickerson

LCSEE, CARSON & DICKERSON, P.A.  
P.O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

*Rough*  
*Alberke*  
*DOG*

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*ALL*

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

*JAR*

*SEA*

CASE NO. 7389

ORDER NO. R-5353-H

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN AMENDMENT TO  
DIVISION ORDER NO. R-4365, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of November, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Associated Pool, by amending Rule 5(b) to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9(a) to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.

(3) That effective February 1, 1977, Division Order No. R-4365 was superseded by Division Order No. R-5353 and the subject application was amended at the time of the hearing to reflect this change.

(4) That the applicant has recently developed producing Yeso formation oil wells on acreage dedicated to San Andres formation gas wells in said associated pool.

(5) That such oil wells are not in direct or effective communication with the San Andres gas reservoir.

(6) That permitting the simultaneous dedication of acreage to gas wells and oil wells in said pool may provide for more efficient and economic production therefrom provided that simultaneous dedication in the same formation is prohibited.

(7) That gas-liquid ratios in said pool have stabilized.

(8) That the annual gas-liquid ratio test period sought will provide the Division sufficient data with which to regulate said pool.

(9) That the amendment of Rule 5(b) and Rule 9(a) of the Special Rules and Regulations for the Penasco Draw-San Andres-Yeso Associated Pool will not result in waste nor violation of correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That Rule 5(b) of the Special Rules and Regulations for the Penasco Draw-San Andres-Yeso Associated Pool contained in Division Order No. R-5353, as amended, is hereby amended to read in its entirety as follows:

"RULE 5. (b). The simultaneous dedication of any acreage to an oil well and a gas well within the same formation is prohibited."

(2) That Rule 9(a) of the Special Rules and Regulations for said Penasco Draw-San Andres-Yeso Associated Pool is hereby amended to read in its entirety as follows:

"RULE 9. (a) Annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Division. 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 Division 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 appropriate district office of the Division 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. The supervisor of the appropriate district office of the Division may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

Special tests shall also be taken at the request of the Division 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 Division and offset operators."

(3) That the effective date of this order and of the special pool rule amendments contained herein shall be October 1, 1981.

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

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

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

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JOE D. RAMEY,

Director

S E A L