CASE 5615: VATES PET. CORP. FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO.

5615

APPlication, Transcripts, Small Exhibits,

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 20, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. CASE 5615

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil Conservation Commission:

William F. Carr, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico

For the Applicant:

Joel M. Carson, Esq. LOSEE & CARSON, P.A. Attorneys at Law 300 American Home Building Artesia, New Mexico

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General Court Reporting Service
825 Calle Mejis, No. 122, Santa Fe, New Mexico 87501
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MR. NUTTER: We will call Case 5615.

MR. CARR: Case 5615, application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson of Losee and Carson, P.A., Artesia, New Mexico appearing for the applicant and I have one witness to be sworn.

(THEREUPON, the witness was duly sworn.)

RAY BECK

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

- Q Would you state your name, please?
- A. Ray Beck.
- Q. And who is your employer, Mr. Beck?
- A. Yates Petroleum.
- Q What is your position with the company?
- A. Petroleum geologist.
- 22 A Have you previously testified before this Commission
 - A. I have.
 - Q. And your qualifications are of record?
 - A. That's true.

MR. CARSON: Are his qualifications acceptable?
MR. NUTTER: Yes, they are.

Q (Mr. Carson continuing.) Would you briefly state the purpose of this application?

A. In Case 5615 Yates Petroleum requests the approval of the unorthodox gas well location of its proposed Number 1 Morely EW to be six, sixty from the south and east lines of Section 27, Township 17 South, Range 25 East, Eddy County. The south half of the section would be dedicated to the well.

Q I hand you Applicant's Exhibit Number One and ask if you would explain to the Hearing Officer what that exhibit shows?

A. Exhibit Number One is a land plat showing the proposed location in its relationship to the surrounding leasehold situation. It may be noted that the unorthodox movement of the unorthodox location is towards Yates Petroleum's leaseholds.

- Q You have an Exhibit Number Two?
- A. Yes.
- Q Would you explain that exhibit to the Hearing Officer?
- A. Exhibit Number Two is a map showing the structure, porosity and facies relationships of the Permo-Pennsylvanian Antelope Sink zone in the area of the proposed location. It should be pointed out that although the well will be drilled

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through the entire Pennsylvanian section and hopefully completed in the Lower Penn sands, the main reason for the exception location is to encounter a quality interval in the gas productive Permo-Penn carbonates trending southwest of Artesia. The trend consists of basin margin biohermal carbonates which started to build up during the Upper Pennsylvanian-Cisco time and continued on building in the Lower Wolfcamp time of the Permian. The Permo-Penn interval is stratigraphically equivalent to the overall interval which produces in the Tom Brown-Antelope Sink Unit Well Number 1 located in 18 of 19 South, 24 East, which is not on this map. But, therefore, this Permo-Penn interval will be referred to as the Antelope Sink zone.

Exhibit Number Two shows the Antelope Sink zone poresity, feet and solid contours in the structure in dotted contours. The map shows three main facies, that is tight shelf deposits to the northwest and a narrow band of more coarse, productive basin marginal bioherms and further southeast a non-productive basin fill, shale and tight thin silts of sands and carbonates.

The wells colored in red, which are kind of dyed off here to a kind of a yellow, but the wells colored in are completed in the Antelope Sink zone. Wells enclosed in squares are potentially completeable in the Antelope Sink zone.

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The overall gas productive trend runs northeastsouthwest but the quality of the porosity varies from well-towell in the overall trend. Contouring porosity feet as shown
in solid contours indicates that local areas of better
porosity run subnormal to the overall trend or about northwest
southeast. As such the local area of better porosity is
centered around the Yates Manso EK Well in Section 35 of 17,
25.

MR. NUTTER: That's the southeast offset here?

A. Yes, that's right. It's in Section 35, 17, 25, yes, and that well delivered seven million cubic feet per day after acidizing.

According to the map, therefore, the proposed exceptional location would be well placed within a local area of better porosity which also contains one of the better Antelope Sink zone wells.

- Q. You have an Exhibit Number Three, do you not, Mr. Beck?
 - A. Yes, sir.
- Q Would you explain Exhibit Three to the Hearing Officer?
- A. Exhibit Number Three is cross section A to A prime, running northwest to southeast, more or less normal to the facies trend shown on the previous exhibit.

The Antelope Sink tops in the interval are indicated

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on the cross section and this is just to give a depth dimension to the previous exhibit.

Mr. Beck, were all three of these exhibits prepared by you or under your supervision?

They were.

MR. CARSON: I would like to move the introduction of these three exhibits.

MR. NUTTER: Yates' Exhibits One through Three will be admitted into evidence.

(THEREUPON, Yates' Exhibits One through Three were admitted into evidence.)

(Mr. Carson continuing.) Mr. Beck, in your professional opinion will the approval of this application afford Q. the applicant the opportunity to produce its just share of gas, prevent economic loss caused by the drilling of unnecessary wells and avoid the augmentation of risk arising from the risk of drilling an excessive number of wells and otherwise protect correlative rights?

I do so believe that is true. MR. CARSON: No further questions.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Beck, this Exhibit Number Two here which is the structure map. Now, all of the wells that are colored

red are completed in the Antelope Sink zone, is that And the Antelope Sink zone is this Permo-Penn, correct? 2 That's true. ĥ. Lower Wolfcamp and very Upper Penn? Now, between the dotted lines, let's see if I 5 understand this correctly, between the dotted line you have 6 this series of little structures that run through here and 7 there are a type of basinal deposits on the northwest of 8 9 That's true. Yes, sir. The blocked dashes there that trend and to the southeast of it? Service 10 kind of separate the productive trend from tight rocks to 11 rish reporting 8

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2, 122, Santa Fe, New N
1006 (\$05) 982-9212 the northwest and from basinal fill, non-productive rocks to 12 the southeast and the solid contours represent porosity feet 13 morrish 1 14 Now you mentioned that you had hopes for this well t 15 be Productive in the Lower Pennsylvanian, you would mean sid contours. 16 17 In this particular area you can find Lower 18 Morrow, I presume? Pennsylvanian sands from Strawn, Atoka and Morrow. 19 How many wells on this map are completed in the 20 21 Well, I would have to count them all up. Lower Pennsylvanian sands? 22 are a number of these wells on here that are completed mostly 23. 24 25

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in the Morrow but some are completed in the Strawn and the Atoka.

- Q. Are any of these wells that are Antelope Sink wells dual completions in the Permo-Penn and the Morrow?
 - A. Yes, sir.
- Q. There is no way by looking at this to tell which are the Morrow or other Pennsylvanian deep wells, is that correct?
- A. That's right, it's not so indicated on the map but I can point them out to you.
 - Q. Okay, please.
- A. Okay, in 18, 24 there are no dual completions. In 18, 25 and let's see, in Section 6 the Yates EF is also completed in the Morrow. The CZ Well in Section 8 is also completed in the Morrow and in 17, 24 there are no completions In 17,25 and Section 35, the Yates-Powell is completed also in the Morrow. The Manso, which we referred to earlier is also completed in the Strawn. Let's see, in Section 24 the Yates City of Artesia is also completed in the Morrow.
 - Q. Then what is this BZ 12 up here completed in, for example?
 - A. The BZ 12 is completed in the Atoka, I believe.
 - Q. And then this little cluster of wells to the southeast of this trend, being the Coquina wells and the Superior wells, this group to the southeast, what is the main formation

of those wells?

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Those wells are all completed in the -- well, not all of them, I'll have to go through them. The Coquina-Superior 1 and 2 in Section 1 of 18,25 are Morrow wells. The Yates-Arco Superior-Johnson-in Section 2 is a Morrow well. Number 2 in 36 of 17, 25 is a Strawn lime completion.

- The 2? That's a dry hole, isn't it?
- That's a dry hole. I was talking about the Yates-Patterson, excuse me, in 31 of 17, 26.
 - That's what?
- The Strawn lime. The Yates-Halderman is a Morrow Α. well. The Yates-Caskey to the north of it is an Atoka well.
- I see. So there would be an opportunity for this well to be an unorthodox location in the Morrow or the Antelope Sink zone?
 - It's possible.
 - It will be drilled down to the base of the Q. Pennsylvanian?
 - It will be drilled through the entire Pennsylvanian section.

MR. NUTTER: Are there any further questions of this witness? He may be excused.

(THEREUPON, the witness was excused.)

MR. NUTTER: Do you have anything further,

Mr. Carson?

No, sir. MR. CARSON:

Does anyone have anything they wish MR. NUTTER:

to offer in Case 5615?

We will take the case under advisement.

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Q	e	 	

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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Sidney F. Morrish, C.S.R.

a complete record of the proceedings in the Examiner hearing of Case No. 576/5.
heard by me on 128 1926

New Mexico Oil Conservation Commission

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OIL CONSIGNATION COMMISSION

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

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST EMERY C. ARNOLD

Mr. Joel Carson	Re:	(
Losee & Carson		(
Attorneys at Law		
Post Office Box 239 Artesia, New Maylon	00014	A

CASE NO. 5615 ORDER NO. R-5159

Applicant:

Yates Petroleum Corporation

Dear Sir:

DIAECTOR

JOE D. RAMEY

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

JOE D. RAMEY
Director

JDR/fd

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. 5615 Order No. R-5159

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 20, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of February, 1976, 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 approval of an unorthodox gas well location for its Morely EW Well No. 1 to be located 660 feet from the South line and 660 feet from the East line of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico, to test the Permo-Pennsylvanian and the Pennsylvanian formations for gas production,
- (3) That the S/2 of said Section 27 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive

-2-Case No. 5615 Order No. R-5159

number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location is hereby approved for applicant's Morely EW Well No. 1 to be located at a point 660 feet from the South line and 660 feet from the East line of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico, to test the Permo-Pennsylvanian and the Pennsylvanian formations for gas production.
- (2) That the S/2 of said Section 27 shall be dedicated to the above-described well.
- (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.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

SEAL

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Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and Pebruary 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - JANUARY 20, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,

STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO
The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 5614: Application of Amerada Hess Corporation for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval to commingle Basin-Dakota gas production and oil produced from an undesignated Gallup pool in the wellbore of its Apache "A" Well No. 7, located in Unit J of Section 26, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5615: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morely EW Well No. 1, located 660 feet from the South and East lines of Section 27, Township 17 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 27 to be dedicated to the well.
- CASE 5616: Application of Atlantic Richfield Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre non-standard gas proration unit comprising the W/2 of Section 29, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to its W. H. Harrison "D" WN Com Well No. 1, located in Unit L of said Section 29 and its W. H. Harrison "A" WN Well No. 2, at an unorthodox location 660 feet from the North and West lines of said Section 29.
- CASE 5617: Application of Robinson Resource Development Company, Inc. for an unorthodox gas will location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1530 feet from the North line and 330 feet from the East line of Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico, the N/2 of said Section 18 to be dedicated to the well.
- CASE 5618: Application of Mesa Petroleum Co. for a triple completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its Primo Well No. 1A, located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, to produce gas from the Pictured Cliffs, Chacra and Mesaverde formations.
- CASE 5117: (Reopened)

19

In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691, which order established temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on less then 320-acre spacing and why the special depth bracket allowable should remain in effect.

- CASE 5619: Application of Agua, Inc. for an extension of time, Order No. R-4495-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a 90-day extension of the February 7, 1976, deadline to cease the disposal of produced salt water through perforations from 4,230 feet to 4,320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 5603: (Continued from January 7, 1976 Examiner Hearing)

Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NM/4 of Section 35, Township 25 South. Range 37 Fast, Lea County, New Mexico, to form a non-standard 160-acre proration unit; applicant further seeks the pooling of all mineral interests in the Languie-matrix Pool underlying cach of the following tracts in said Section 35 to form three standard 40-acre proration units: the NE/4 NM/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35; the SE/4 NM/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and the SM/4 NM/4, to be dedicated to a well to be drilled on said tract at a standard Langlie-Mattix Pool location. In the event re-entry into either the Dabbs Well No. 1 or No. 3 is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tract. Applicant further proposes to dedicate the 160-acre Jalmat provation unit to one of the three above-described wells, and in the event it should be the Dabbs Well No. 1, applicant, seeks approval for the unorthodox Jalmat location for said well. Also to be considered will be the cost of re-entering, drilling, and completing said wells and the risk involved in re-entering, drilling, and completing said well.

CASE 5604: (Continued from January 7, 1976 Examiner Hearing)

Application of Burleson & Huff for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a wherflood project in the Querecho Plains-Queen Pool by the injection of water into the Queen formation through its Anadarko Federal well-No. 6 to be drilled at an unorthodox location in the approximate center of the SW/4 of Section 27, Township 18 South, Range 32 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional wells at standard and non-standard locations within the project area.

Dockets Nos. 5-76 and 6-76 are tentatively set for hearing on February 4 and February 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 21, 1976

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

CASE 5592: (De Novo)

Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to dispose of produced water by injection into the San Andres formation through the open-hole interval from approximately 4000 to 5000 feet in its Blinebry-Drinkard SWD System Well No. A-22 located 817 feet from the North line and 965 feet from the East line of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

Upon application of Agua, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5571: (De Novo)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico.—Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of seid order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard $\underline{\text{De Novo}}$ pursuant to the provisions of Rule 1220.

NOTE: Case No. 5592, above, will be dismissed at the request of applicant.

LAW OFFICES

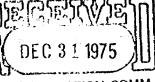
LOSEE & CARSON, P.A.

A.J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

900 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88210

30 December 1975

AREA CODE 505 746-3508



IL CONSERVATION COMM. Santa Fo

Mr. Joe D. Ramey, Director Oil Conservation Commission State of New Mexico P. O. Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed, please find original and two copies of application of Yates Petroleum Corporation for an unorthodox gas well location in Eddy County, New Mexico.

We ask that you please set a date for hearing this case before an examiner and that you furnish us with a docket of the hearing.

Very truly yours,

LOSEE & CARSON, P.A.

A. J. Losee

AJL:jw Enclosures

cc: Yates Petroleum Corporation



BEFORE THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF : YATES PETROLEUM CORPORATION FOR AN : UNORTHODOX GAS WELL LOCATION IN EDDY : COUNTY, NEW MEXICO :

CASE NO. 5615

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof respectfully states:

1. That applicant is an operator of a majority of the interest in the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 27: S/2

- 2. Applicant proposes to drill its Morley "EW" No. 1
 Well in the S/2 at a location 660 feet from the South and East
 lines of said Section 27, and to dedicate the S/2 of said Section
 27 to the well.
- 3. Applicant seeks an exception to the well location requirements of Rule 104-C of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.
- 4. That a standard 320-acre proration unit comprising the S/2 of said Section 27 should be dedicated to the Morley "EW" No. 1 Well.
- 5. That the approval of this application will afford applicant the opportunity to produce its just and equitable

share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting applicant permission to drill its Morley "EW" No. 1 Well at the above unorthodox location, and to dedicate the S/2 of said Section 27 to said well, which is reasonably presumed to be productive of gas from the Morrow formation.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By:

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

Attorneys for Applicant

DOCKET MAILED

Date 1/12/76

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF : YATES PETROLEUM CORPOPATION FOR AN : UNORTHODOX GAS WELL LOCATION IN EDDY : COUNTY, NEW MEXICO :

CASE NO. 56/5

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof respectfully states:

1. That applicant is an operator of a majority of the interest in the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 27: S/2

- 2. Applicant proposes to drill its Morley "EW" No. 1
 Well in the S/2 at a location 660 feet from the South and East
 lines of said Section 27, and to dedicate the S/2 of said Section
 27 to the well.
- 3. Applicant seeks an exception to the well location requirements of Rule 104-C of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.
- 4. That a standard 320-acre proration unit comprising the S/2 of said Section 27 should be dedicated to the Morley "EW" No. 1 Well.
- 5. That the approval of this application will afford applicant the opportunity to produce its just and equitable

share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting applicant permission to drill its Morley "EW" No. 1 Well at the above unorthodox location, and to dedicate the S/2 of said Section 27 to said well, which is reasonably presumed to be productive of gas from the Morrow formation.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By:

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

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION IN EDDY COUNTY, NEW MEXICO

CASE NO.

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof respectfully states:

1. That applicant is an operator of a majority of the interest in the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, M.M.P.M.

Section 27: S/2

- 2. Applicant proposes to drill its Morley "EW" No. 1 Well in the S/2 at a location 660 feet from the South and East lines of said Section 27, and to dedicate the S/2 of said Section 27 to the well.
- 3. Applicant seeks an exception to the well location requirements of Rule 104-C of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.
- 4. That a standard 320-acre proration unit comprising the S/2 of said Section 27 should be dedicated to the Morley "EW" No. 1 Well.
 - 5. That the approval of this application will afford applicant the opportunity to produce its just and equitable

share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting applicant permission to drill its Morley "EW" No. 1
 Well at the above unorthodox location, and to dedicate the 3/2 of said Section 27 to said well, which is reasonably presumed to be productive of gas from the Morrow formation.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By:

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

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

dr/N

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

CASE NO 5615
Order No. R- 5/59
APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO. ORDER OF THE COMMISSION
BY THE COMMISSION:
This cause came on for hearing at 9 a.m. on <u>January 20</u> , 1976 at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nutter</u> .
NOW, on this day of January, 1976, 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
for its Morely EW Well No. 1 located approval of an unorthodox gas well location/ 660 feet from the \(^ASouth
line and 660 feet from the <u>East</u> line of Section 27, Township 17 South, Range 25 East, NMPM, Ato test the
Germo-Penning formations for gas production form.
(3) That the <u>S/2</u> of said Section <u>27</u> is to be dedicated to the well.
(4) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.
(5) That no offset operator objected to the proposed unorthodox
location.

-2-	
Case No.	5615
Order No.	R-

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will 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, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the
applicant's Morely EW Well No. 1, formation is hereby approved for/a to be located at a point 660
feet from the South line and 660 feet from the East
Time of Section 27 Township 17 South , Range 25 East
COUNTY?
New Mexico to test the Perms - Panney branian and the Pennsylvanian for gas strobuction. Vanian formations for gas strobuction. (2) That the S/2 of baid Section 27 shall be dedicated to
nancan farmations of said Section 27 shall be dedicated to
the above-described well.

(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.

yalis Petr Corp

emorthodory gas well loc

660' FEL Sec 27-175-25E

Eddy Co

Marely EW WEll # 1

The 3/2 of said Sec 27

Lo be dedicated to the

West.

(11:15 12/30) Large will file