

Entered June 26, 1979



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. 6456
Order No. R-6030

APPLICATION OF HARVEY E. YATES
COMPANY FOR A NEW ONSHORE RESERVOIR
DETERMINATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of June, 1979, 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, Harvey E. Yates Company, seeks a determination by the Division, in accordance with Sections 2(c) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission, that its Loco Hills Welch Well No. 1, located in Unit D of Section 9, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a new onshore reservoir from which natural gas was not produced in commercial quantities before April 20, 1977.

(3) That said well was completed in the Morrow formation November 6, 1978, with perforations from 10,876 feet to 10,882 feet, and a plugged-back depth of 10,950 feet after having been drilled to a total depth of 11,200 feet.

(4) That although there are several wells in the vicinity of the subject well which have penetrated the Morrow formation,

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the 6-foot sand stringer in the Morrow which is the producing zone for the subject well has been either absent or non-productive in each of said wells.

(5) That the 6-foot stringer which is the productive zone for the subject well appears to be an isolated sand stringer of limited horizontal extent, and does not appear to be productive in any other well in the area.

(6) That as such, the isolated sand stringer in the subject well probably constitutes a separate limited reservoir productive only in the subject well.

(7) That the subject well is the first and only well drilled to date into and completed to commercially produce from the aforesaid separate reservoir, and therefore qualifies as producing new natural gas from a new onshore reservoir pursuant to the provisions of Section 102(c) of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

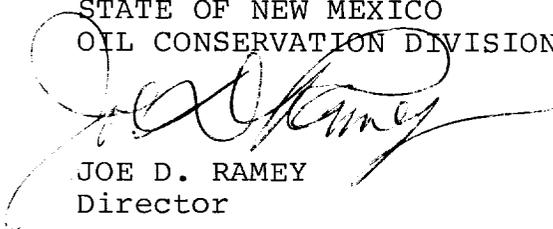
IT IS THEREFORE ORDERED:

(1) That the Harvey E. Yates Company Loco Hills Welch Well No. 1, located in Unit D of Section 9, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is completed in a new onshore reservoir as defined by Sections 2(c) and 102(c) of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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