

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
18 January 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor- CASE
poration for simultaneous dedica- 8036
tion and for an unorthodox location,
Eddy County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

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.A.
P. O. Drawer 239
Artesia, New Mexico 88210

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I N D E X

RAY BECK

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1
2 MR. STOGNER: Call next Case
3 Number 8036.

4 MR. PEARCE: That case is on
5 the application of Yates Petroleum Corporation for simul-
6 taneous dedication and for an unorthodox location, Eddy
7 County, New Mexico.

8 MR. DICKERSON: Mr. Examiner,
9 I'm Chad Dickerson of Artesia, New Mexico, appearing on be-
10 half of the applicant, and I have one witness.

11 MR. PEARCE: Are there other
12 appearances in this matter?

13 (Witness sworn.)

14 RAY BECK,
15 being called as a witness and being duly sworn upon his
16 oath, testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. DICKERSON:

20 Q Mr. Beck, will you state your name, your
21 occupation, and by whom you're employed, please?

22 A Ray Beck, geologist, Yates Petroleum,
23 Artesia.

24 Q You have previously testified before this
25 Division and been qualified and your credentials are a mat-
ter of record, are they not, Mr. Beck?

1
2 A Yes.

3 MR. DICKERSON: Is this witness
4 qualified, Mr. Examiner?

5 MR. STOGNER: He is so quali-
6 fied.

7 Q Mr. Beck, would you briefly summarize the
8 purpose of the application in Case Number 8036?

9 A In Case 8036 Yates Petroleum Corporation
10 requests approval of the unorthodox gas well location of its
11 proposed Williamson "BC" Federal No. 5, to be drilled 990
12 feet from the south line and 1980 feet from the east line of
13 Section 17, Township 20 South, Range 29 East, and further
14 seeks simultaneous dedication of the east half of Section 17
15 for this proposed well and for the currently producing Wil-
16 liamson "BC" Federal No. 3, for all formations from Wolf-
17 campian through Morrowan, inclusive.

18 Q Mr. Beck, would you refer to what we have
19 marked as Exhibit Number One and tell the Examiner what that
20 exhibit reflects?

21 A Exhibit Number One is a land plat showing
22 the proposed location and its relationship to the
23 surrounding acreage situation. Yellow denotes acreage in
24 which Yates has full or partial interest in operating
25 rights. The proration unit is outlined in red.

Q Refer to what is marked Exhibit Number
Two and tell us what is shown by that exhibit.

A Exhibit Number Two is a combined sand

1
2 isolith and structure map. The solid contours, with 20 foot
3 contour interval, show the varying thickness of the total
4 Morrow sand.

5 The proposed location is close to the
6 axis of the sand thick extending northwest from Section 21
7 through Section 7, and should encounter more sands than any
8 undrilled orthodox location left in the east half of Section
9 20 which is reasonably far enough away from the nearly de-
pleted Williamson "BC" Federal No. 3.

10 The dotted contours, with 50 foot contour
11 interval, show the structural configuration on the top of
12 the Lower Morrow sand. The proposed location is on a slight
13 nose.

14 The trace of cross section A-A' is also
15 shown on the map.

16 Q Refer now, Mr. Beck, to Exhibit Number
17 Three and tell us what's shown on that exhibit.

18 A Exhibit Number Three is another combined
19 sand isolith and structure map. The solid contours, with 20
20 foot contour interval, show the varying thickness of the
Lower Morrow sand.

21 Note the two Lower Morrow sand thicks
22 which trend northwesterly across Section 17.

23 Except for an isolated 10 foot sand in
24 the TXO Yates Federal No. 3 in Unit D of Section 17, and a
25 small amount of gas produced with water spray in the Yates
Superior "KJ" -- Superior "KJ" in Unit D of Section 7, the

1
2 entire Lower Morrow sand thick trending from Section 21
3 through Section 7 is water wet.

4 Yates' Williamson "BC" No. 3 encountered
5 gas in a 54 foot Lower Morrow channel sand included in the
6 smaller Lower Morrow thick; however, the Williamson "BC" No.
7 3 is nearly depleted. It produces in the neighborhood of 60
8 Mcf per day.

9 Clearly the Lower Morrow is not the pri-
10 mary objective of the proposed well.

11 Q Turn to Exhibit Number Four, Mr. Beck,
12 and tell us what's shown on that instrument.

13 A Exhibit Number Four is an Upper Morrow
14 sand isolith map with contour interval of 20 feet. By and
15 large the Upper Morrow sands have been the better gas pro-
16 ducers in this area.

17 The Yates Tebbins "GQ" in Unit B of Sec-
18 tion 20 has produced over 3.3 BCF of gas largely from a 20
19 foot Upper Morrow sand.

20 The TXO Yates Federal No. 3 in Unit E of
21 Section 17 has produced almost 2.3 BCF of gas from three Up-
22 per Morrow sands.

23 The TXO Yates Federal No. 5 in Unit N of
24 Section 17 has recently been completed for approximately
25 5000 Mcf per day from two Upper Morrow sands.

According to this Upper Morrow sand iso-
lith map, the proposed location is the best allowable loca-
tion in the east half of Section 17 for penetrating a maxi-

1
2 mum thickness of Upper Morrow sands, the Upper Morrow being
3 the primary objective of this well.

4 Q Now, Mr. Beck, refer to what's been
5 marked as Exhibit Number Five and describe -- tell us what's
6 shown on that exhibit.

7 A Exhibit Five is a production map. Well
8 spot colors indicate the producing formations. Red is Mor-
9 row, yellow is Atoka, orange is Strawn, and Wolfcamp is
10 green.

11 For formations which have 320-acre
12 spacing, Wolfcampian through Morrowan, inclusive, are poten-
13 tial gas pays in this Burton Flat East area.

14 In Section 17 the Yates Williamson "BC"
15 No. 3 has produced approximately 1.2 BCF, almost entirely
16 from a Lower Morrow channel; however, later Yates did per-
17 forate additional Morrow sands uphole, including Upper Mor-
18 row sands. This well is now making approximately 60 Mcf per
19 day.

20 The TXO Yates Federal No. 3 has produced
21 approximately 2.3 BCF from Upper Morrow sands and the well
22 was making about 30 Mcf per day in September, 1983.

23 In October, 1983 TXO finished drilling
24 and completed their TXO Yates Federal No. 5 in Unit N of
25 Section 17, the second well in that 320. The Yates Federal
No. 5 was completed in two Upper Morrow sands for an estim-
ated 5000 Mcf per day.

So TXO, in the west half of Section 17,

1
2 has two Morrow wells, one orthodox, and nearly depleted, and
3 one a new, apparently good to excellent, unorthodox well.

4 TXO obtained permission for an unorthodox
5 location and simultaneous dedication for their Yates Federal
6 No. 5 in the west half of Section 17.

7 Yates seeks similar permission for their
8 proposed location in Unit O in the east half of Section 17.
9 As one can see by looking at the drilled wells and proposed
10 well in Section 17, that which Yates has done plus what
11 Yates proposed here is a mirror image of what TXO has
already done in the west half of the same section.

12 Q Mr. Beck, turn to Exhibit Number Six and
13 tell us what's shown on that instrument.

14 A Exhibit Number Six is a cross section, a
15 stratigraphic cross section, hung on a widely persistent
16 marker in the Atoka. It just shows the pertinent correla-
17 tions, the Morrow and the Morrow Clastics, the Lower Morrow,
18 and the production histories, and it shows the intervals
which were mapped on the previous exhibits.

19 Q Mr. Beck, were Exhibits One through Six
20 prepared by you or under your direction and supervision?

21 A Yes.

22 MR. DICKERSON: Move admission
23 of Yates Exhibits One through Six, Mr. Examiner.

24 MR. STOGNER: Exhibits One
25 through Six will be admitted into evidence.

Q Mr. Beck, in your opinion will the

1
2 granting of this application be in the interest of conserva-
3 tion, the prevention of waste, and the protection of corre-
4 lative rights?

5 A Yes.

6 MR. DICKERSON: That concludes
7 our case, Mr. Examiner.

8 MR. STOGNER: Thank you, Mr.
9 Dickerson.

10 CROSS EXAMINATION

11 BY MR. STOGNER:

12 Q Mr. Beck, as I understand it, this is a
13 simultaneous dedication application -- this application is
14 for simultaneous dedication for the Morrow production at
15 this time, is it not; however, it's an unorthodox location
16 --

17 A Yes.

18 Q -- for anything that has 320-acre
19 spacing.

20 A Yes.

21 Q What's the main objective for this well?

22 A Well, it's main objective is to find Mor-
23 row gas production in the east half of Section 17.

24 Q Mr. Beck, the Morrow production is your
25 main objective at this time?

A The main objective, yes, sir, but there
are other secondary objectives in the area.

1
2 Q Thank you, Mr. Beck.

3 MR. STOGNER: I have no further
4 questions of this witness.

5 Any other questions of Mr. Beck
6 this morning?

7 If not, he may be excused.

8 Mr. Dickerson, do you have any-
9 thing else to come before --

10 MR. DICKERSON: No, Mr.
11 Examiner, thank you very much.

12 MR. STOGNER: Does anybody else
13 have anything to come in Case Number 8036 this morning?

14 If not, this case will be taken
15 under advisement.

16 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation 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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8036 heard by me on January 18 1984

Michael E. Stogner, Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date JANUARY 18, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
William L. Fox	Campbell, Boyd and Seal, P.A.	Santa Fe
Tom Olle	Southland Royalty	Farmington
Bob Haller	Pyram	Santa Fe
Larry Van Ryan	Northwest Exploration	Denver
Betty Burnett	" "	"
GARY PAULSON	Amoco Prod. Co.	Denver
Gene Ziemba	Amoco Prod. Co.	Denver
Frank B. Chang	OCC	Albuquerque
W. Kellolin	Kellolin & Kellolin	Santa Fe
Roy Best	Yato	Albuquerque
Chad Dickerson	Lone Canyon Dickerson	Albuquerque
Paul M. Burchell	El Paso Natural Gas Co.	El Paso
Dennis B. Lehman	GETTY OIL CO.	Hobbs, NM
GARY BRINK	EL PASO EXPLORATION CO.	FARMINGTON
GARY MASON	Amoco	Farmington
Charles Boyce	Amoco	Denver
DANA L. CRANEY	EL PASO EXPLORATION CO.	FARMINGTON
Roy Heckler	RAY MASON	Midland

NEW MEXICO OIL CONSERVATION COMMISSION

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NAME	REPRESENTING	LOCATION
Arthur Lopez	Humble Law Firm	Santa Fe
Vince Matthews	Lear Petroleum	Denver,
JOHN NANCE	EL PASO NAT. GAS	EL PASO
Jarris Nelson	Zia Energy, Inc	Hobbs
Dan. Nelson	Consulting Engineer	S.F.
LOUIS MARTINEZ	STATE LAND OFFICE	S.F.
Bill Walker	Forest Oil	Midland, Tx
Bill Morgan	Forest Oil	Midland, Tx
BILL COOPER	Union Texas Petroleum	FARMINGTON
Ernie Busch	OCD Aztec	AZtec