CASE NO. 5350 Appli. of YATES
PETROLEUM CORPORATION for an
unorthodox gas well location, Eddy

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# CASE Mo. 5350

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# BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico October 30, 1974

#### EXAMINER HEARING

IN THE MATTER OF:

CASES

5350

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

) & ) 5351

BEFORE: Daniel S. Nutter, Examiner

#### TRANSCRIPT OF HEARING

#### <u>A P P E A R A N C E S</u>

For the New Mexico Oil

Conservation Commission:

William Carr, Esq.

Legal Counsel for the Commission

State Land Office Building

Santa Fe, New Mexico

For the Applicant:

A. J. Losee, Esq. LOSEE & CARSON Artesia, New Mexico

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<u>**E** X H I B I T S</u>

Exhibits 1 through 3 10

MR. NUTTER: The hearing will come to order, please.

The first case we will call will be Case 5350.

• MR. CARR: Case 5350, application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. NUTTER: We will also call Case No. 5351.

MR. CARR: Case 5351, application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. NUTTER: Case Numbers 5350 and 5351 will be consolidated for purposes of testimony, Mr. Losee.

MR. LOSEE: A. J. Losee of Losee and Carson,
Artesia, appearing on behalf of the applicant, and I have
one witness, Mr. Ray Beck.

MR. CARR: Will you please stand and be sworn?
(Whereupon, 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, residence and occupation, please?

#### BECK-DIRECT

- A Ray Beck, employed by Yates Petroleum, Artesia, New Mexico.
  - Q . What is your occupation?
  - A I'm a geologist.
- Q Have you previously testified before this Commission and had your qualifications as an expert geologist accepted?
  - A Yes, I have.

MR. LOSEE: Are Mr. Beck's qualifications acceptable?

MR. NUTTER: Yes, they are.

#### BY MR. LOSEE:

- Q Would you state the purpose of these two applications, Mr. Beck?
- A The purpose is to seek approval of an unorthodox location for the No. 1 Ferguson DY Well, 1980 from the north, and 660 feet from the east line of Section 7, 17 South, 26 East in the West Atoka-Morrow Gas Pool of Eddy County. The north half of Section 7 will be dedicated as a unit to the well. And, also in Case 5350, Yates seeks approval of an unorthodox location of No. 1 Sullivan DZ Well, 990 from the north, 660 from the west line, Section 8, Township 18 South, Range 26 East in the West Atoka-Morrow Gas Pool. The north half of Section 8 would be dedicated as a unit to the well.

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- Q Mr. Beck, these are unorthodox because of the state-wide rules requiring them to be 1980 from the end line and 660 from the side line, is that correct?
  - A That's correct.
- Q Please refer to what has been marked as Exhibit 1 and explain what is shown on this exhibit?
- A Exhibit 1 displays the two 320-acre tracts and the locations of the wells and offsetting operators, regarding both Case 5350 and 5351.
- Q Do you have anything else to add concerning this Exhibit?
  - A I don't believe so.
- Q Okay, please refer to what has been marked as Exhibit 2 and explain what is protrayed by this Exhibit?
- A Exhibit 2 is a combined structural and isopach map. If you will refer to the legend, the wells marked in red are the wells which are in the Atoka-Morrow West Reservoir in the channel sand, and see that there are six of them. Other Morrow gas wells that are not colored in red are producing from the Morrow, but not from the channel sand per se, and other wells with the gas facts on the outside are producing from formations other than the Morrow. The solid lines, extending more or less north-south, depict

#### BECK-DIRECT

in contour form, the channel sand as it runs north-south through 18-25 and 18-26. The dashed lines running more or less normal to the channel show the equivalent thicknesses of sands which could be correlated into the same zone as the channel, and, therefore, more or less may add to the gas reserves in the whole Atoka-Morrow West Field. The dotted lines extending from minus 49 to minus 56 show the structural contours across the area. The yellow blocks in Sections 7 and 8 of 18-26 show the 320's we want to have dedicated on the locations of the wells which we wish to have approved.

From the south of the channel up to the Yates-Vandever DO Well in Section 7, there is a good amount of control for the channel, but extending north and northeast of the Vandever DO we have to project the channel, and it's our belief the channel follows the position we have it marked now. One reason we believe this is because we have found that the greater thicknesses of the total Morrow intervals, that is from the top of the Morrow clastics to the top of the Chester limestone in this part of Eddy County, give us some indication as to where the channel goes when we have to project it. Now, it is not shown on this map because it would add too much clutter, but the thicknesses

#### BECK-DIRECT

of the wells in Sections 7 and 8. I might point out in the Vest and Vandever 7 well, the sidetrack well, there is 213 feet, in the original straight hole in the 650 location, there is 235 feet, and in our Yates-Vandever DO Well recently completed we found 240 feet; in the Reading and Bates Torrington Well in Section 8 there is 236 feet, so we have to pull that channel over toward the northeast. I might point out to you in Section 5 the Yates-Armstrong has only 214 feet, and in Section 6 the Fasken-Yates 6 had 214 feet, so we have to stay rather near that Reading and Bates Torrington Well to project a channel.

That's about all I have to say about this exhibit, unless someone would like to ask a question.

- Q Let's refer to what has been marked Exhibit 3.
- A prime on the bottom portion of Exhibit 2, and it shows —
  just adds a third dimension to Exhibit 2 is really all that
  it does. You can see in the Fasken-Yates Fed Com Well on
  the left-hand side of the cross section, we only encountered
  beach-type stringers, but their thickness there would be
  about 25 feet that could possibly be tied in with the
  main-channel sand of the West Atoka Field. As an analogy, on
  the old Atoka-Ponn Field which is now almost depleted, the

8

#### BECK-DIRECT

Ohio-Nix Well, as you can see is in a channel, but the other wells such as the Marathon-Nix and the Ohio-Knowles Well, and the Yates-Greshwa Well are producing from beachtype stringers which are connected to the main channel.

- Q And, this in effect shows that, I take it, that if the channel, as you projected it, runs off to the north-east, the beach sands lying to the west of the channel in the north half of Section 7, and to the east of the channel in Section 8 will in all probability contribute gas to the well at the proposed location?
  - A They could contribute something to it.
- Q Do you have anything further with respect to your Exhibit 3?
  - A No, I believe not.
- Q Are there other wells in the Atoka-Morrow West field drilled in an unorthodox 660-foot location without any penalty?
- A Yes, sir, to the best of my knowledge there have been seven previously approved unorthodox locations, and as far as I know none of these have been penalized.
- Q Would you either point out the wells or read the names on your --
  - A (Interrupting) All right. If you will refer

to Exhibit 2, starting down in Section 25 of 18-26, the Kincaid BR-2, going north in Section 18 of 18-26, is the Kincaid-Vandever, dropping over to the other township, Pennzoil-Vandever No. 2, back to the Yates-Vandever CM No. 1, Fasken-Vandever 7 No. 1, the Coquina-Haire No. 1, and the Reading and Bates-Torrington were all previously approved at unorthodox locations.

- Q Without any penalty factor?
- A As far as I know.
- Q Do you have an opinion as to whether the proposed Ferguson and Sullivan wells at their non-standard locations will encounter additional Morrow pay that would not be encountered at standard locations?
  - A It is not impossible is about all I can say.
- Q Well, do you think they will encounter more pay, is that your opinion?
  - A I see what you mean, I'm sorry.
  - Q That's all right.
- A Yes, I do think that they will encounter the channel there rather than in a non-standard location; we might miss that on the channel there and probably not get as efficient of wells.
  - Q You mean at a standard location you might miss the

CASES 5350

& 5351

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channel and not get as much pay?

- A You might not get as much pay.
- Q Do you have an opinion as to whether these two wells will drain the Ferguson in the north half of Section 7 and the Sullivan in the north half of Section 8?
  - A I believe it will drain them.
  - Q Did you prepare Exhibits 1, 2 and 3?
  - A I did.

MR. LOSEE: I move the introduction of Exhibits
1, 2 and 3.

MR. NUTTER: Exhibits 1 through 3 will be admitted into evidence.

(Whereupon, Exhibits 1 through 3 were admitted into evidence.)

MR. LOSEE: I have no further questions.

#### CROSS EXAMINATION

#### BY MR. NUTTER:

O Mr. Beck, here in Section 7, the Fasken-Vandever 7, that was the well that was originally drilled with a straight hole and then they came back in and side tracked it to the southeast, is that correct?

A No, sir. The original hole was the more southerly of the wells.

- Q And, it went northwestward?
- A It went northwestward and sidetracked, yes, sir.
- Q And the channel bent the other way?
- A Yes, it did.
- Q And, then Yates subsequently came in here and drilled this Vandever DO?
- Yates-Vandever CN Well was drilled was that Fasken's original straight hole was drilled in 650 in the south and east of 7, 18-26. They missed the pay there. They sidetracked to the northwest and they missed it even farther there. Then the Coquina-Haire was drilled and they missed the channel completely and got a different pay entirely. Then Reading and Bates drilled in Section 8 of 18-26, and they missed it entirely.
  - Q Was that the Torrington well?
- A The Torrington well. Then we drilled in Section 7 and found the pay again.
- Q Well, now I notice the bottom-hole pressure on your Vandever DO is much less than the bottom-hole pressure on the wells to the south; what so you attribute that to?
- A Well, the bottom-hole pressure, you have to go by the dates, the original well in the field is a Mountain

BECK-CROSS

States-McCauley in Section 19 of 18-26; it came in 3600 pounds. Then the Fasken-Brown Yates in January of '71 was 3599; then the next well that was founded was a C and K-Vandever in February of 1973; by that time the pressure had dropped to 3011. Then the Pennzoil-Vandever Well was drilled, and I don't know how the pressure on that was at that time. Then we drilled the Vandever CM. The pressure had dropped by August of '73 to 2789. It has been more than a year since anyone else has found a channel, and it has now dropped down to 1653 pounds.

- Q So, you think that this is not a function of a poor quality reservoir, that this is just a -- that this low pressure in the Vandever DO is simply a function of drainage from that area?
  - A That's right, it is just a matter of depletion.
- Q What kind of potential did you get on the Vandever
  DO?
- A We have not finished our four point on it, we did not run a drill stem test, but according to verbal communications with our petroleum engineer, Mr. Peyton Yates, he believes that it will deliver about 9 or 10 million a day.
  - O Now the Vandever CN was that big well, wasn't it?

#### BECK-CROSS

& 5351 13 Page.....

- A Yes, sir.
- Q What was its absolute open flow?
- A 235 million.
- Q And, you think you've got about a 9 or 10 million well here in the Vandever DO?
- A Yes, sir, I'm speaking more or less in the matter of deliverability rather than absolute open flow.

MR. NUTTER: Are there any further questions of Mr. Beck. You may be excused.

Is there anything further, Mr. Losee?

MR. LOSEE: Just one request, Mr. Examiner. Yates

Petroleum has a rig that is seven or eight days from bottom,

and if it would be possible to receive telephone approval

of the Ferguson, which is where they propose to move first,

we would appreciate it.

MR. NUTTER: Yes, sir.

MR. LOSEE: Within that period.

MR. NUTTER: Does anyone have anything they wish to offer in Case 5350 or 5351? We will take the cases under advisement.

(Whereupon, a discussion was held

off the record.)

MR. NUTTER: The hearing will now recess until one o'clock.

CASES 5350 & 5351 Page 14

STATE OF NEW MEXICO )

SS.

COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court 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.

PICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 53505/heard by me on 1974

New Mexico Oil Conservation Commission



#### **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2068 - SANTA FE 87501 LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.

SECRETARY - DIRECTOR

Yates Petroleum Corporation

I. R. TRUJILLO

CHAIRMAN

November 4, 1974

Mr. A. J. Losee	Re:	CASE NO	5350
Losee & Carson		ORDER NO	R-4901
Attorneys at Law			
Post Office Box 239		Applicant:	

Dear Sir:

Artesia, New Mexico 88210

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

A. L. PORTER, Jr.

Secretary-Director

## 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. 5350 Order No. R-4901

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 October 30, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of November, 1974, 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,

#### **PINDS:**

- (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 Sullivan DZ Com Well No. 1 to be drilled 990 feet from the North line and 660 feet from the West line of Section 8, Township 18 South, Range 26 East, NMPM, to test the Morrow formation, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That the N/2 of said Section 8 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 unoethodox 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

-2-Case No. 5350 Order No. R-4901

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 Morrow formation is hereby approved for applicant's Sullivan DE Com Well No. 1 to be drilled at a point 990 feet from the North line and 660 feet from the West line of Section 8, Township 18 South, Range 26 East, NMPM, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.
- (2) That the N/2 of said Section 8 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

I. R. TRUJILLO, Chairman

AMAX J. ARMIJO Member

L. PORTER, Jr., Maria Secretary

SEAL

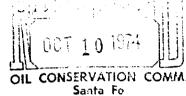
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Case 5350

S. P. YATES
PRESIDENT
NARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER



October 7, 1974



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

Re: Non-Standard Location, Sullivan DZ #1 Com NW NW Section 8-18S-26E, Atoka West

Eddy County, New Mexico

Dear Sir:

Yates Petroleum seeks permission to drill a Morrow test well located 990 FNL and 660 FWL of Section 8-185-26E. A dry hole exists in the South-half section and the Yates are Operators in seventy-five (75) percent of the North-half section, therefore we are dedicating the North 320 acres. The non-standard location is preferred for geological reasons. An ownership plat and forms C-101 and C-102 are attached.

Please schedule this application for an early hearing.

Yours very truly,

YATES PETROLEUM CORPORATION

Eddie M. Mahfood //
Petroleum Engineer

EMM/jg Encl.

cc: Reading & Bates - Tulsa, OK
Mr. Bill Gressett - NMOCC

DOCKET M. 机稳

Date 10-18-74

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CONDITIONS OF APPROVAL, IF	ANY:						

# NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C- 102 Superseure C-128 Effective 1-1-65

_	All distances must be from the outer boundaries of the Section	
	Sullivan D	Z" Com Well No.
	Unit Letter Section Township Horse County  18 South 26 East	
$\cdot$	Actual Footage Location of Well;	aa y
	990 feel from the North line and 660 feet from the	West line
Ì	Ground Level Elev. Producing Formation Pool	Dedicated Acreage;
-	3392 Morrow Atolia West	320 Acres
	1. Outline the acreage dedicated to the subject well by colored pencil or hachure	e marks on the plat below.
.	<ol><li>If more than one lease is dedicated to the well, outline each and identify the interest and royalty).</li></ol>	ownership thereof (both as to working
	3. If more than one lease of different ownership is dedicated to the well, have the	interests of all owners been consoli-
	dated by communitization, unitization, force-pooling.etc?	<b>_</b>
-	Yes No If answer is "yes," type of consolidation Comme	initized
	If answer is "no," list the owners and tract descriptions which have actually be	een consolidated. (Use reverse side of
	No allowable will be assigned to the well until all interests have been consolidate.	and the communities in a minimal in
	forced-pooling, or otherwise) or until a non-standard unit, eliminating such interes	
Į	sion.	
	Yates Petroleum Corpf 26 E John A. Yates	CERTIFICATION
		I hereby certify that the information con-
	6	tained herein is true and complete to the
ļ	Domain I	best of my knowledge and belief.
ı	Rogers &	Elican hely
	Sullivan Gilbert	Name Eddie M. Mahfood
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	Reading & Bates	Engineer
	Poole Est. & Rogers	Yates Pet. Corporation
	Ruth Torrington etal	Date
-		10-7-74
18		LAND STA
5		I hereby certify that the well location
		shown on this plat was plotted from field
- 1		notes of actual surveys made by me or under my supervision, and that the same
1		is true and carrect to the best of my
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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, EDDY COUNTY, NEW MEXICO

: Case No.

APPLICATION

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

- 1. That applicant is the operator of the Pennsylvanian Formation underlying the North Malf of Section 8,
  Township 18 South, Range 26 East, N.M.P.M., and proposes to
  drill its Sullivan Well #1 located 190 feet from the North
  line and 660 feet from the West line of said Section 8.
- 2. Applicant seeks in exception to the well location requirements a rule 104 (c) to (a) of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to adapt sufficient to adequately test Morrow formation in the Pennsylvanian system.
- 3. That a standard 320 acre gas proration unit comprising the North half of said Section 8 should be dedicated to such well or such lesser portion of the North half of said Section 8 as is reasonably shown to be productive of gas from the West Atoka Morrow gas pool should be dedicated to said well.
- 4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas in the West Atoka Morrow gas pool and will protect relative rights.

DOCKET MAILED

Date

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 to applicant permission to drill its Sullivan #1 Well, 1990 feet from the North line and 660 feet from the West line of said Section 25, in the West Atoka Morrow gas pool and to dedicate that portion of the North half of said Section 8 which is reasonably presumed to be productive of gas from said pool.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By:

Joel M. Carson for LOSEE & CARSON, P.A.

P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicant

Dockets Nos. 31-74 and 32-74 are tentatively set for hearing on November 13 and November 26, 1974. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 30, 1974

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:

Application of Corinne Grace for a unit agreement, Eddy County, New CASE 5349: Mexico. Applicant, in the above-styled cause, seeks approval for the Bond Draw Unit Area comprising 5123 acres, more or less, of Federal, State, and Fee lands in Township 24 South, Range 27 East, Eddy County, New Mexico.

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks approval for the unorthodox location of its Sullivan DZ Com Well No. 1, to be drilled 990 feet from the North line and 660 feet from the West line of Section 8, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 8 to be dedicated to the well.

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks approval for the unorthodox location of its Ferguson DY Com Well No. 1 to be drilled 1980 feet from the North line and 660 feet from the East line of Section 7, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 7 to be dedicated to the well.

Application of David Fasken for compulsory pooling and an unorthodox CASE 5352: location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the S/2 of Section 2, Township 18 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the East line of said Section 2. Also to be considered will be the cost of drilling and completing 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 the applicant as operator of the well and a charge for the risk involved in drilling said well.

Application of Cities Service Oil Company for a dual completion, CASE 5353: Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Government-Z Com Well No. 1, located in Unit K of Section 23, Township 20 South, Range 28 East, Eddy County, New Mexico, in such a manner as to produce oil from the Wolfcamp formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

CASE 5350:

CASE 5354: Application of Mark Production Company for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the S/2 of Section 9, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 9. Also to be considered will be the cost of drilling and completing 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 the applicant as the operator of the well and a charge for risk involved in drilling said well.

CASE 5355: Application of Tesoro Petroleum Corporation for pool contraction and expansion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Lone Pine-Dakota "D" Oil Pool by the deletion of the E/2 NW/4 of Section 8, Township 17 North, Range 8 West, McKinley County, New Mexico, and the expansion of the Hospah-Dakota Oil Pool by the addition of such lands.

CASE 5356: Application of Anadarko Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Artesia State Unit Area comprising 440 acres, more or less, of State lands in Township 18 South, Range 27 East, Eddy County, New Mexico.

Application of Anadarko Production Company for a waterflood project, CASE 5357: Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Artesia State Unit, Artesia Pool, by the injection of water into the Grayburg and San Andres formations at the following six unorthodox locations in Township 18 South, Range 27 East, Eddy County, New Mexico: Section 13, 1330 feet from the South line and 1310 feet from the West line, and 10 feet from the South and West lines; Section 14, 2630 feet from the South line and 10 feet from the East line and 1310 feet from the South and East liues; Section 23, 1310 feet from the North and East lines and 10 feet from the North line and 2630 feet from the East line. Further to drill two producing wells at unorthodox locations 10 feet from the North line and 1310 feet from the East line of Section 23 and 1330 feet from the South line and 10 feet from the East line of Section 14. Applicant further seeks an administrative procedure whereby the project may be expanded by the drilling of additional injection and producing wells at orthodox and unorthodox locations without further notice and hearing.

CASE 5358: Application of Continental Oil Company for simultaneous dedication and unorthodox gas well locations, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of a standard 640-acre gas proration unit comprising all of Section 26, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to four wells, being the Lynn B-1 Well No. 1, in Unit J and Lynn B-1 Wells Nos. 3, 4, and 16, at unorthodox locations in Units C, M, and A, respectively, of said Section 26.

Examiner Hearing - Wednesday - October 30, 1974

Docket No. 30-74

Application of Continental Oil Company for simultaneous dedication and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the N/2 of Section 1, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its Vaughn B-1 Wells Nos. 1 and 6, located at unorthodox locations in Units H and E, respectively, of said Section 1.

CASE 5360: Application of Continental Oil Company for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the two following non-standard gas proration units in the irregular Section 4, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico:

A 480-acre unit comprising all of Lots 1, 2 and 3, 6 through 11, and 14, 15, and 16 of said Section 4 to be dedicated to the Meyer B-4 Well No. 14, located in Unit G;

A 240-acre unit comprising the SE/4 and E/2 SW/4 of said Section 4 to be dedicated to the Meyer B-4 Well No. 4, located in Unit S.

dr/

# 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. 5350

Order No. R-4901

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

Ber

ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 30 , 19 at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this day of November , 1974, 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 Sullivan DZ Com Well No. 1 to be drilled 990 feet from the North line and 660 feet from the West line of Section 8, Township 18 South, Range 26 East, NMPM, to test the Morrow formation, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

-2-Case No. 5350 Order No. R-

(3) That the N/2 of said Section 8 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 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 Morrow applicants
  formation is hereby approved for the Sullivan DZ Com Well No. 1
  to be drilled at a point 990 feet from the North line and 660
  feet from the West line of Section 8, Township 18 South, Range
  26 East, NMPM, West Atoka-Morrow Gas Pool, Eddy County, New
  Mexico.
- (2) That the N/2 of said Section 8 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.

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