

CASE NO. 5351: Appli. of YATES
PETROLEUM CORP. for an unorthodox
gas well location, Eddy County

OK. 110 p.m.

CASE No.

5351

Application,

Transcripts,

Small Exhibits

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

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

)
) CASES
) 5350

) 5351
)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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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I N D E X

RAY BECK

Direct Examination by Mr. Losee
Cross Examination by Mr. Nutter

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E X H I B I T S

Exhibits 1 through 3

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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?

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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 portrayed 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

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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

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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 Exhibit 3 is a cross section extended from A to 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-Penn Field which is now almost depleted, the

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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 beach-type 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

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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

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-CROSS

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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:

Q 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.

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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?

A That's right. The actual chronology after the 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 side-tracked 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 do 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

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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.

Q Now the Vandever CN was that big well, wasn't it?

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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.

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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.

Richard L. Nye

RICHARD L. NYE, Court Reporter

and hereby certify that the foregoing is

complete record of the proceedings in

the Examiner hearing of, Case No. 57305

heard by me on 10/30, 19 74.

[Signature], Examiner

New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

November 4, 1974

Mr. A. J. Losee
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 5351
ORDER NO. R-4902

Applicant:
Yates Petroleum Corporation

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

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

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. 5351
Order No. R-4902

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,

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 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, NMPM, to test the Morrow formation, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the N/2 of said Section 7 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.

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Case No. 5351
Order No. R-4902

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for applicant's Ferguson DY Com Well No. 1 to be drilled at a point 1980 feet from the North line and 660 feet from the East line of Section 7, Township 18 South, Range 26 East, NMPH, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the N/2 of said Section 7 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

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member Secretary

S E A L

dr/

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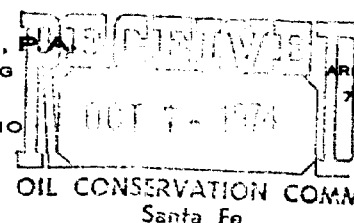
BEFORE EXAMINER COMMISSION

OIL CONSERVATION BOARD
CASE NO. 3507-351

Case 5351

A. J. LOSEE
JOEL M. CARSON

LAW OFFICES
LOSEE & CARSON, P.A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210



October 4, 1974.

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

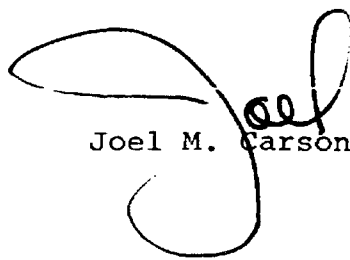
Dear Mr. Porter:

Enclosed for filing please find three copies each of two applications of the Yates Petroleum Corporation for unorthodox gas well locations, West Atoka Morrow Gas Pool, Eddy County, New Mexico. We understand that these applications will be set for hearing before an examiner on October 30, 1974.

Thank you in advance for your attention in this matter.

Very truly yours,

LOSEE & CARSON, P.A.


Joel M. Carson

JMC:bjm

Enclosures

DOCKET MAILED

Date 10-18-74

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:

CASE 5349: Application of Corinne Grace for a unit agreement, Eddy County, New 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.

CASE 5350: 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 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.

CASE 5351: 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 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.

CASE 5352: Application of David Fasken 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 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.

CASE 5353: Application of Cities Service Oil Company for a dual completion, 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 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.
- CASE 5357: Application of Anadarko Production Company for a waterflood project, 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 lines; 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.

CASE 5359: 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.

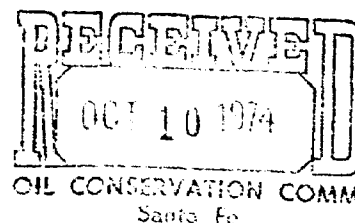
Case 5351



YATES BUILDING - 207 SOUTH 4TH ST.
ARTESIA, NEW MEXICO - 88210

October 7, 1974

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.



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, Ferguson DY #1 Com
SE NE Section 7-18S-26E, Atoka West
Eddy County, New Mexico

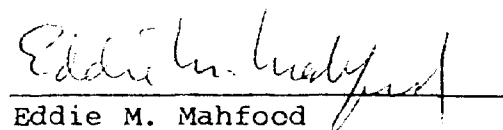
Dear Sir:

Yates Petroleum seeks permission to drill a Morrow test well located 1980 FNL and 660 FEL of Section 7, T-18S, R-26E with a North-half section dedication. A gas well exists with a South-half dedication in Section 7-18S-26E. The non-standard location is preferred for geological reasons. An ownership plat and forms C-101, C-102 are attached, and Operators of Offsetting Spacing Units are notified by Certified Mail of this intent.

Please schedule this application for an early hearing.

Yours very truly,

YATES PETROLEUM CORPORATION


Eddie M. Mahfood
Petroleum Engineer

EMM/jg
Encl.

cc: Pennzoil Co - Midland, TX
Mr. Bill Gressett - NMOCC

DOCKET MAILED
Date 10-18-74

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Case 5351

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FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.
7. Unit Agreement Name
8. Farm or Lease Name Ferguson "DY" Com.
9. Well No. 1
10. Field and Pool, or Wildcat Atoka West
12. County Eddy
19. Proposed Depth approx. 8600'
19A. Formation Morrow
20. Rotary or C.T. Rotary
21. Elevations (Show whether DF, RT, etc.) 3408' GL
21A. Kind & Status Plug. Bond Blanket
21B. Drilling Contractor Ard Drilling Co.
22. Approx. Date Work will start November 7, 1974

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK	
1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>	SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 207 South 4th Street-Artesia, NM 88210	
4. Location of Well UNIT LETTER H LOCATED 1980 FEET FROM THE North LINE AND 660 FEET FROM THE East LINE OF SEC. 7 TWP. 18S RCE. 26E NMPM	
23.	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17½"	13-3/8"	48#	Approx 400'	Circulate	Surface
12½"	8-5/8"	24#	" 1300'	Circulate	Surface
7-7/8"	5½" or 4½"	15.5-17.0# or 10.5-11.6#	" 8600'	250 sacks	

Propose to drill and test the Morrow and intermediate formations. Approx. 400' of surface casing will be set to shut off gravel and caving, and intermediate casing will be set 100' below the Artesian Water Zone. If commercial pay is encountered, 5½" or 4½" casing will be run and cemented as may be expedient.

Mud Program: Surface-1300': FW gel & LCM; Casing Point-4900': Fresh Water: 4900' = TD.

BOP Program: BOP's to be installed on 8-5/8" casing, pipe rams tested daily. Blind rams on trips.

Spacing - North Half Section - Non-Standard spacing permit applied for.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Eddie H. Qualiford Title Engineer Date 10-8-74
(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

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NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section.

Operator <u>Yates Petroleum Corp.</u>		Lease <u>Ferguson "DY" Com</u>		Well No. <u>1</u>
Unit Letter <u>H</u>	Section <u>7</u>	Township <u>18 South</u>	Range <u>26 East</u>	County <u>Eddy</u>
Actual Footage Location of Well: <u>1980</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>East</u> line				
Ground Level Elev. <u>3408</u>	Producing Formation <u>Morrow</u>	Pool <u>Atoka West</u>	Dedicated Acreage: <u>320</u> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
☒ Yes ☐ No If answer is "yes," type of consolidation Communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

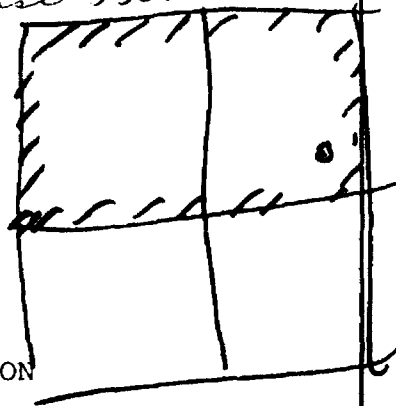
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

<div style="position: relative; height: 300px;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px dashed black;"></div> <div style="position: absolute; top: 10%; left: 10%;">Pennzoil</div> <div style="position: absolute; top: 10%; left: 45%;">R 26 E Yates Pet. Corporation</div> <div style="position: absolute; top: 40%; left: 10%;">Paul N. Gray</div> <div style="position: absolute; top: 40%; left: 45%;">Nellie G. Smith</div> <div style="position: absolute; top: 55%; left: 30%;">Yates Petroleum Corporation</div> <div style="position: absolute; top: 60%; left: 45%;">R. R. Ferguson</div> <div style="position: absolute; top: 50%; left: 65%; transform: rotate(-90deg);">1980'</div> <div style="position: absolute; top: 60%; left: 65%; transform: rotate(-90deg);">660'</div> </div>	<p style="text-align: center;">CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Eddie M. Mahfood</u></p> <p>Name Eddie M. Mahfood</p> <p>Position Engineer</p> <p>Company Yates Pet. Corporation</p> <p>Date 10-7-74</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p style="text-align: center;">JAMES H. BROWN</p> <p>Date Surveyed <u>October 4th 1974</u></p> <p>Registered Professional Engineer and/or Land Surveyor <u>James H. Brown</u></p> <p>Certificate No. <u>542</u></p>
	<p>0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500</p>

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OIL CONSERVATION COMMISSION
Santa Fe

Case 5351



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 half of Section 7, Township 18 South, Range 26 East, N.M.P.M., and proposes to drill its Ferguson Well #1 located 1980 feet from the North line and 660 feet from the East line of said Section 7.

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 7 should be dedicated to such well or such lesser portion of the North half of said Section 7 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.

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 Ferguson #1 Well, 1980 feet from the North line and 660 feet from the East line of said Section 25, in the West Atoka Morrow gas pool and to dedicate that portion of the North half of said Section 7 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

DRAFT

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. 5351

Order No. R-4902

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 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 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, NMPM, to test the Morrow formation, West Atoka-Morrow
Gas Pool, Eddy County, New Mexico.

1 (3) That the N/2 of said Section 7 is to be dedicated to
2 the well.

3 (4) That a well at said unorthodox location will better
4 enable applicant to produce the gas underlying the proration unit.

5 (5) That no offset operator objected to the proposed
6 unorthodox location.

7 (6) That approval of the subject application will afford
8 the applicant the opportunity to produce its just and equitable
9 share of the gas in the subject pool, will prevent the economic
10 loss caused by the drilling of unnecessary wells, avoid the
11 augmentation of risk arising from the drilling of an excessive
12 number of wells, and will otherwise prevent waste and protect
13 correlative rights.

14 IT IS THEREFORE ORDERED:

15 (1) That an unorthodox gas well location for the Morrow
16 formation is hereby approved for applicant's Ferguson DY Com
17 Well No. 1 to be drilled at a point 1980 feet from the North
18 line and 660 feet from the East line of Section 7, Township 18
19 South, Range 26 East, NMPM, West Atoka-Morrow Gas Pool, Eddy
20 County, New Mexico.

21 (2) That the N/2 of said Section 7 shall be dedicated
22 to the above-described well.

23 (3) That jurisdiction of this cause is retained for the
24 entry of such further orders as the Commission may deem necessary.

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

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