

CASE NO.

6322

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 State Land Office Building
 Santa Fe, New Mexico
 13 September 1978

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Yates Petroleum Corporation) CASE
 for pool contraction, Eddy County, New) 6322
 Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Lynn Teschendorf, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

Joel Carson, Esq.
 LOSEE, CARSON & DICKERSON
 Artesia, New Mexico 88201

For Amoco Production Co.:

Guy Buell, Esq.
 Post Office Box 3092
 Houston, Texas 77001

I N D E X

ROBERT E. BOLING

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Applicant Exhibit ONE, Plat	9
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MR. STAMETS: Call at this time Case 6322.

MS. TESCHENDORF: Case 6322. Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, Carson, and Dickerson, P. A., Artesia, New Mexico, appearing for the Applicant. I have one witness.

MR. BUELL: For Amoco Production Company, my name is Guy Buell.

MR. STAMETS: Any other appearances? I'd like to have the witness stand and be sworn at this time, please.

(Witness sworn.)

ROBERT E. BOLING

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARSON:

Q Will you please state your name?

A Robert E. Boling.

Q And, Mr. Boling, what capacity do you appear in this case?

A I appear on behalf of Yates Petroleum Corporation.

Q What are you by profession?

A. I'm a landman and consultant in Artesia, New Mexico.

Q. Mr. Boling, have you previously testified before this Commission?

A. I have.

Q. And have your qualifications been accepted?

A. Yes, they have.

MR. CARSON: Is the witness considered qualified?

MR. STAMETS: He is.

Q. (Mr. Carson continuing.) Mr. Boling, would you state the purpose of this application?

A. The purpose of this application is to contract the present limits of the Empire Pennsylvanian Gas Pool from the original twelve sections that it covered to two sections and to have the special field rules apply only to those two sections rather than to a mile around the sections as the order now states.

Q. Now, Mr. Boling, would you refer the Commission to the order giving rise to these special pool rules, and so forth?

A. Well, you know, pool rules follow wells, and then in August of 1953 the then Stanion (sic) Company drilled their No. 1 State AB Well, which was 1980 from the south and east of Section 29, 17, 28, and it was completed as a gas well making about 30 million feet a day, so in

November -- on November 25th, 1953 the Commission issued order R-391, which established 320-acre spacing in twelve sections around that well, and the order was to last for -- until five wells had been drilled, or 18 months, whichever was the lesser in time.

And they also had some field rules which said the wells had to be drilled in the northwest quarter or the southeast quarter of each section. You could have north half, south half, east half, or west half spacing units. And it also set up some general casing programs similar to what's now generally in use.

Then some -- the development around there, they drilled five dry holes around that well and -- eventually, and then in -- by Order No. R-3529, issued in October -- on October 22nd, 1968 the PanAmerican Company came back and did two things. They more or less ratified R-391 and then they also asked for an unorthodox gas spacing unit for a well to be drilled in the southeast quarter of 30.

And that is the last thing that's happened. There was no time limit on the R-3529.

MR. CARSON: Mr. Examiner, will the Commission take notice of its own orders, R-391 and R-3529 for the purpose of this hearing, and if so, would you like for us to provide you with xeroxed copies for convenience?

MR. STAMETS: We will take administrative notice

of these two orders but it's not necessary to supply us with xeroxed copies.

Q Now, Mr. Boling, as I understand it, these orders took place before there were statewide pool rules, is that correct?

A This is correct.

Q And the --

A At least for 320. We're -- there's some discussion about -- but there was no 320 at that time.

Q Nor were the locations the same -- permitted on a proration unit the same as they're permitted now, is that correct?

A That is correct.

Q And I'll refer you to Applicant's Exhibit Number One and ask you to explain what that shows.

A It's a land plat with the present limits of the Empire Pennsylvanian Gas Pool outlined in purple and the proposed limits outlined in orange, what we're asking for to reduce it down to two sections, Sections 28 and 29 of 17, 28.

Q Okay, and was that prepared by you or under your supervision?

A It was. It was prepared by me.

Q And is it your -- is it your belief that this -- that these orders are no longer applicable to this area or

compatible with the method of operation there?

A That is my opinion. You see, this was the first big Morrow well in our -- in southeast New Mexico, and they didn't know -- they didn't know whether it was going to run all over the country, and be able to develop it on a nice orderly pattern, or what.

MR. CARSON: No further questions, Mr. Examiner.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Boling, what is the spacing in the Empire Penn? Is it 320 or 640?

A 320.

Q Okay. Now, the only problem that you have with those rules is the location requirements of the wells?

A Yes. You see, this order says -- R-3529 says, all right, the wells have got to be no nearer than 790 feet to the outer boundary nor 130 feet to a quarter-quarter section, but they must be drilled in the northwest or southeast quarter of each section.

Q Now, what acreage is dedicated to the two wells that are completed in Section 28 and Section 29?

A The south half of 29 is dedicated to the well in -- to the 1 AB, and the east half -- west half, pardon me, of 28 is dedicated to the well in 28.

Q Now, if we went a step further than you request and reduced the effectiveness of the pool rules to the south half of 29 and the west half of 28, we would be making no difference in the spacing required in the area but allowing for a little bit freer location of wells in the area.

A This is correct.

Q Mr. Boling, do you feel like the best thing that the Division can do here would be to reduce the effectiveness of these regulations as to specific locations to the south half of Section 29 and the west half of Section 28?

A I think so, yes, sir.

Q There appears to be a little bit of a problem with the manner in which this was advertised. The application as advertised says contract the horizontal limits of the Empire Pennsylvanian pool to, and then it says in the alternative seeks to limit the special pool rules to the present horizontal limits of the pool.

I believe we can probably go ahead and make these additional changes since there appears to be no real effect on equities involved here.

MR. STAMETS: Any questions of this witness?

He may be excused.

Did you offer your Exhibit Number One?

MR. BUELL: I have a statement, Mr. Examiner, when you're ready for it.

MR. STAMETS: Okay. We'll accept Exhibit Number ONE in this case, and Mr. Buell, you have a statement?

MR. BUELL: Amoco Production Company, formerly PanAmerican Petroleum Corporation, formerly Stanlon Oil and Gas Company, apparently since we visited these rules upon the State of New Mexico, we would like to join Yates in getting the situation corrected, and Mr. Examiner, we have no preference whether we do it by contracting the horizontal limits, as suggested by Yates, or in amending the pool rules, as suggested by the Examiner. I think either would be equally effective.

I would also observe that your comment about the alternative plea is absolutely correct. Neither Yates nor Amoco can live with the alternative plea, which in effect is the status quo that we're trying to correct.

MR. STAMETS: I think everybody here would be satisfied if some how we could just do away with the special rules and bring this pool under statewide rules.

A. At least one of the wells is orthodox under your statewide. I don't know about -- I don't know about that well in 28.

MR. STAMETS: I'm assuming that we would grandfather --

A. Okay.

MR. STAMETS: That we'd grandfather in anything

that wasn't orthodox.

MR. BUELL: Mr. Examiner, both wells would be grandfather wells and both wells currently have 320 acres assigned, as they would under the new statewide spacing for these deep wells, so I don't see from the standpoint of correlative rights or well location or anything else, that that would have an adverse affect on any parties of interest.

MR. STAMETS: Is there any urgency in handling this matter?

A Yes, as a matter of fact there is. We'll talk about it in the next case, but on that same exhibit, I'll tell you what, you see, Yates plans to drill a wildcat Morrow well 1980 from the north, 650 from the west of Section 23, and that, I believe, well, that would not be unorthodox under the field rules, but we also have a unit that goes along with it, which covers Section 22 and Section 15, and we have some pretty short drilling requirements over there and those wells would be -- in other words, we couldn't drill in the northeast quarter of Section 22 offsetting the well in 23, assuming it makes a well, because we're closer than a mile to the boundaries. You see, we're under the old Empire Penn Gas Field gas rules.

MR. STAMETS: If we felt it necessary to re-advertise this case and could take some action on October

the 11th, would that be sufficient?

A Well, probably, because we're supposed to spud by November the 1st on this well and, as I say, see, it's let's see, 1980 to the north and 860 from the west, so it would be orthodox, even under the -- those Penn -- Empire Penn gas rules. The first well would be all right.

MR. STAMETS: Mr. Carson, if the Division feels that the call of this hearing is sufficient to alert everybody as to what the status of any order might be, I presume you would not be objectionable to amending your application to just simply bring the Empire Pennsylvanian pool under statewide rules?

MR. CARSON: No, certainly not.

MR. STAMETS: Okay, your application for amendment will be taken under consideration.

Anything further in this case?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from my notes taken at the time of the hearing.

Sally Walton Boyd CSE
Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6322
heard by me on 9-13-1978
Richard R. [Signature], Examiner
Oil Conservation Division



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

September 22, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 6322
ORDER NO. R-5809

Mr. Joel Carson
Losee, Carson & Dickerson
Attorneys at Law
P. O. Drawer 239
Artesia, New Mexico 88210

Applicant:

Yates Petroleum Corporation

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Guy Duell

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. 6322
Order No. R-5809

APPLICATION OF YATES PETROLEUM
CORPORATION FOR POOL CONTRACTION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of September, 1978, 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, Yates Petroleum Corporation, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 28 EAST, NEMM
Sections 28 and 29: All

(3) That in the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

(4) The Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool promulgated by Order No. R-3529 entered October 22, 1968, differ from current Division Rules and Regulations and policies only in their provisions for specified well locations.

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Case No. 6322

Order No. R-5809

(5) That the applicant and the only operator of wells in said pool requested that the application in this case be amended to provide for the rescission of the Special Rules and Regulations for said Empire-Pennsylvanian Gas Pool.

(6) That, provided the locations of all wells currently completed within said Empire-Pennsylvanian Gas Pool are approved, the effect of granting an order in conformance with the proposed amended application would be the same as granting applicant's alternative application.

(7) That the application should be amended to provide for rescission of said special rules and regulations.

(8) That the locations of all wells currently completed within said Empire-Pennsylvanian Gas Pool should be approved.

(9) That the application for rescission of the Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool should be approved.

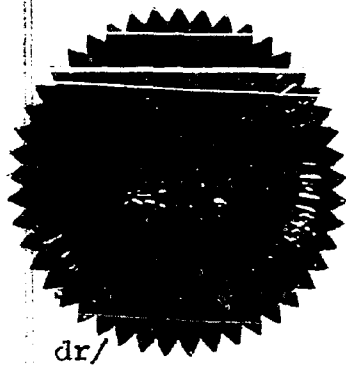
IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, as promulgated by Order No. R-3529 entered October 22, 1968, are hereby rescinded.

PROVIDED HOWEVER, that the location of any well completed in said Empire-Pennsylvanian Gas Pool prior to the effective date of this order is hereby approved.

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

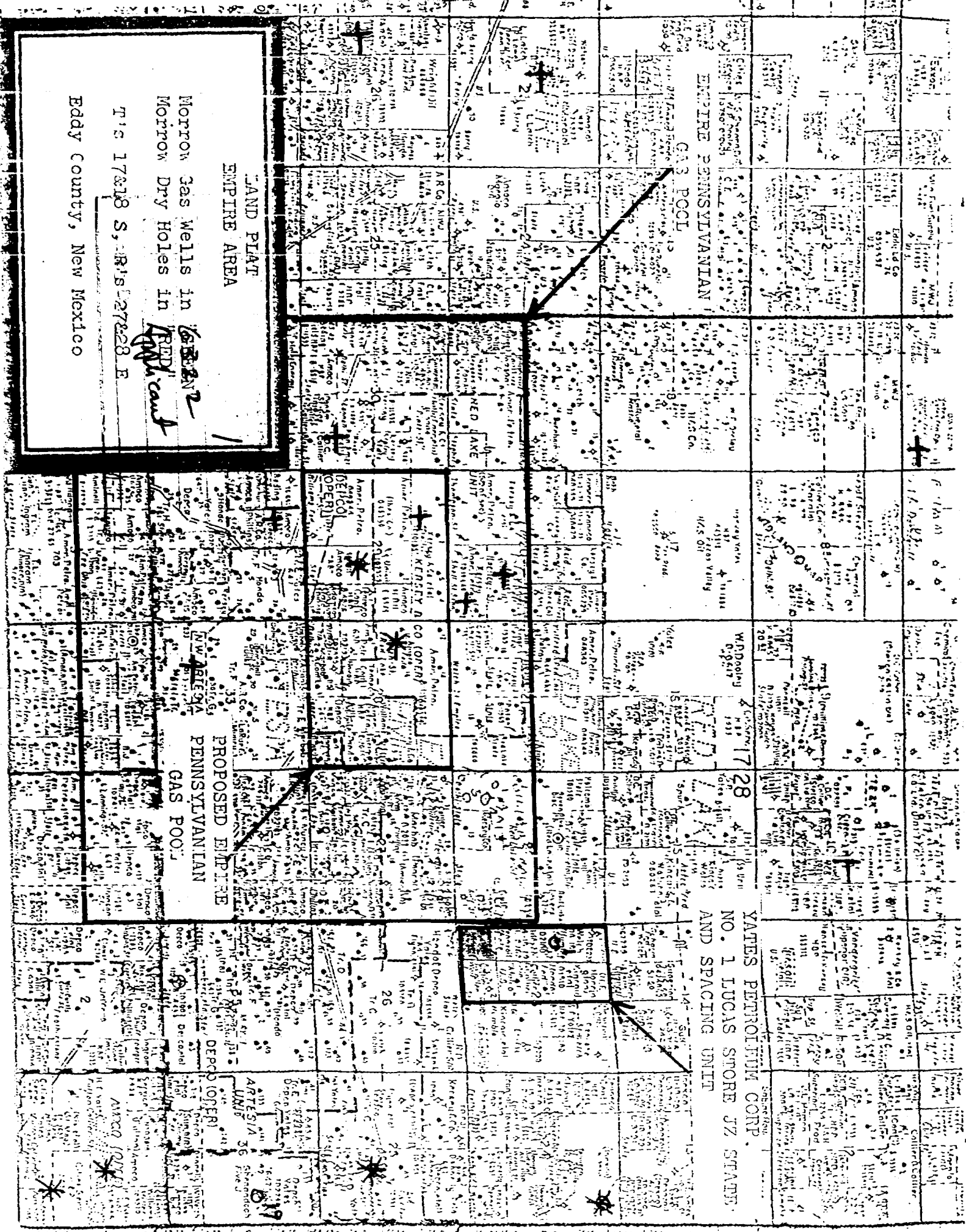
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

dr/



LAND PLAT
EMPIRE AREA
MORROW Gas Wells in **RED**
MORROW Dry Holes in **RED**
T.18S, R.12E, S.27, T.28 E
Eddy County, New Mexico

YATES PETROLEUM CORP.
NO. 1 LUCAS STORE JZ STATE
AND SPACING UNIT

(4) The Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool ^{regulated by Order 17, R-2528 entered October 22, 1968} differ from ~~current~~ Division Rules and Regulations and policies only in their ~~own~~ provisions for specified well locations.

~~(5) That the only operators of wells in said pool~~

(5) That the applicant and the only operator of wells in said pool requested that the application in this case be amended to ~~provide~~ provide for the rescission of the Special Rules and Regulations for ~~the~~ said Empire-Pennsylvanian Gas Pool.

(6) That provided the locations of all wells currently completed within said Empire-Pennsylvanian Gas pool are approved the effect of granting an order in conformance with the proposed amended application would be the same as granting the applicant's alternative application.

(7) That the application should be amended to provide for rescission of said special rules and regulations.

(8) That the location of all wells currently completed within said Empire-Pennsylvanian Gas Pool should be approved.

(9) That ~~the~~ ^{the} application ~~should be~~ ^{for rescission of} the Special Rules and Regulations for the Empire-Pennsylvanian

Pool should be approved.

I & J Therefore Ordered:

(1) That the Special Rules and Regulations for the Empire - Pennsylvanian Gas Pool, as promulgated by Order No R-3529 entered ^{New Mexico, City County.} October 22, 1968, are hereby rescinded.

Provided However: That the location of any well completed in said Empire - Pennsylvanian Gas Pool prior to the effective date of this order is hereby approved.

(2) jurisdiction.

CASE 6320: Application of Texas Oil & Gas 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 Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321: Application of Texas Oil & Gas 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 Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6283: (Continued from August 2, 1978, Examiner Hearing)

Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6322: Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lebo Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6324: Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon GJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325: Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5;
Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4;
Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6;
Well No. 124 located 1925 feet from the South line and 2580 feet from the East line of Section 4;
Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10;
Well No. 122 located 1726 feet from the North line and 167 feet from the East line of Section 4;
and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of Section 4 and Unit E of Section 3, respectively.

CASE 6326: Application of Energy Reserves Group, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pistored Cliffs and Otero-Chacra production in the wellbore of its Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6327: Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. L. Isabell Well No. 5-Y located 340 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section 15 to be dedicated to the well.

Dockets Nos. 31-78 and 32-78 are tentatively set for hearing on September 27 and October 11, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - SEPTEMBER 11, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6289: (Continued from August 23, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6146: (DE NOVO)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6328: Application of Maralo, Inc., for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Jalmat Yates Unit underlying the following described lands in Township 25 South, Range 36 East:

Section 12: SE/4
Section 13: NE/4

and the following described lands in Township 25 South, Range 37 East:

Section 18: NW/4 and N/2 SW/4

all in Lea County, New Mexico.

The unitized interval would be all formations or zones extending from the top of the Yates formation down to 100 feet below the base of the Queen formation in the Humble-Winters "A" Well No. 2 located in Unit C of Section 18, Township 25 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 6313: Application of Maralo, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jalmat Yates Unit Area, Lea County, New Mexico, by the injection of water into various wells located in Township 25 South, Ranges 36 and 37 East.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1978

9 A.M. OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6314: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6315: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6316: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6290: (Continued from August 16, 1978, Examiner Hearing)
- in the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6307: (Continued from August 30, 1978, Examiner Hearing)
- Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Abbo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico. (This case will be dismissed.)
- CASE 6317: Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.
- CASE 6318: Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GOR limit for the Wantz-Granite Wash Pool.
- CASE 6319: Application of Belco Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR AN :
ORDER REDUCING THE HORIZONTAL LIMITS : Case No. 6322
OF THE EMPIRE GAS POOL, AND MODIFYING :
SPECIAL POOL RULES FOR SAID POOL, EDDY :
COUNTY, NEW MEXICO :
:

APPLICATION

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

1. The horizontal area of the Empire-Pennsylvanian Gas Pool, established by Order No. R-391 in Case No. 601, covered the following lands in Eddy County, New Mexico:

Township 17 South, Range 28 East, N.M.P.M.

Section 19: S/2
Section 20: S/2
Section 21: S/2
Section 22: S/2
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: All
Section 34: All

Township 18 South, Range 28 East, N.M.P.M.

Section 3: N/2
Section 4: N/2
Section 5: N/2
Section 6: N/2

2. The only producing wells in this gas pool are located in the NW/4 of Section 28 and the SE/4 of Section 29, and the horizontal limits of this pool should be reduced to only include all of Sections 28 and 29, Township 17 South, Range 28 East, N.M.P.M.

3. That special pool rules for the Empire-Pennsylvanian Gas Pool were established by Order No. R-3529 in Case No. 3890, providing, among other things in Rule 4, that each well shall be located in the NW/4 or SE/4 of the section. This well location is in conflict with the present Southeastern New Mexico Rules for Gas Wells in the Pennsylvanian formation.

The special pool rules for the Empire-Pennsylvanian Gas Pool should be made effective only as to the lands located within the pool and should not be effective as to wells located within one mile of its outer boundaries.

4. The approval of this application will protect relative rights and will prevent waste.

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 Division enter its order reducing the horizontal limits of the Empire-Pennsylvanian Gas Pool to only include all of Sections 28 and 29, Township 17 South, Range 28 East, N.M.P.M., and limiting the application of said pool rules to wells located within the horizontal limits of the pool.

C. For such other and further relief as may seem proper.

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson
Losee, Carson & Dickerson, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

Application of Yates Petroleum
Corporation for pool contraction,
Eddy County, N. M.

Applicant in the above styled
cause seeks the amendment of
Order No. R-391 to contract the ^{horizontal} limits of
the Empire-Pennsylvanian Gas Pool
to the following ~~limits~~:

Township 17 South, Range 28 East, ~~28~~

Att: Sections 28 and ~~29~~ 29: N 11

In the alternative, applicant seeks
to limit the special pool rules for said
pool to the present horizontal limits
of the pool.

Called in by Jerry Hovee
8-16-78

ROUGH

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. 6322

Order No. R-5809

Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on Sept 13
19 78, at Santa Fe, New Mexico, before Examiner RLS.
NOW, on this Sept day of Sept, 19 78, 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, Yates Petroleum Corporation,

seeks the amendment of Order No. R-391 to contract the
horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

~~All of Sections 22 and 23, Township 17 South, Range 28 East, NMPM, Eddy County, N. Mexico~~
Sections 28 and 29: All

(3) That

In the alternative, applicant seeks to limit the special pool rules for said pool to the present
horizontal limits of the pool.

(4) The Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool promulgated by Order No. R-3529 entered October 22, 1968, differ from current Division Rules and Regulations and policies only in their provisions for specified well locations.

(5) That the applicant and the only operator of wells in said pool requested that the application in this case be amended to provide for the rescission^S of the Special Rules and Regulations for said Empire-Pennsylvanian Gas Pool.

(6) That, provided the locations of all wells currently completed within said Empire-Pennsylvanian Gas Pool are approved, the effect of granting an order in conformance with the proposed amended application would be the same as granting applicant's alternative application.

(7) That the application should be amended to provide for rescission^S of said special rules and regulations.

(8) That the locations of all wells currently completed within said Empire-Pennsylvanian Gas Pool should be approved.

(9) That the application for rescission^S of the Special Rules and Regulations for the Empire-Pennsylvanian^{GAS} Pool should be approved.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, as promulgated by Order No. R-3529 entered October 22, 1968, are hereby rescinded.

PROVIDED HOWEVER, that the location of any well completed in said Empire-Pennsylvanian Gas Pool prior to the effective date of this order is hereby approved.

(2) That jurisdiction of this cause is 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.