

Entered June 26, 1979  
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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. 6457  
Order No. R-6031

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

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 26th day of June, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, seeks a determination by the Division, in accordance with Sections 2(c) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission, that its Empire South Deep Unit Well No. 13, located in Unit N of Section 30, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered a new onshore reservoir from which natural gas was not produced in commercial quantities before April 20, 1977.

(3) That said well was completed in an upper Morrow sand designated by the applicant as the "B-4 Sand" on April 7, 1977, with perforations from 10,665 feet to 10,677 feet, and a plugged-back depth of 10,960 feet after having been drilled to a total depth of 11,060 feet.

(4) That said well was first connected to a gas transmission facility on July 26, 1977.

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(5) That the B-4 Sand in which the subject well is completed is a part of a narrow lenticular shallow water sandbar deposit trending Northeast/Southwest.

(6) That there are similar parallel lenticular B-4 sandbars in the general area, all trending in a Northeast/Southwest direction, and separated from each other by lanes in which the B-4 sands are not present.

(7) That the geological evidence in this case indicates that the subject well is completed in a different B-4 sandbar than the other Morrow gas wells in the area which also produce from a B-4 sandbar.

(8) That the available pressure information indicates that the B-4 sandbar in which the subject well is completed is not in communication with, but is separated from, the nearest parallel B-4 sandbar and therefore constitutes a separate reservoir.

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

IT IS THEREFORE ORDERED:

(1) That the Harvey E. Yates Company Empire South Deep Unit Well No. 13, located in Unit N of Section 30, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, is completed in a new onshore reservoir as defined by Sections 2(c) and 102(c) of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L  
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