

CASE 5486: YATES PETROLEUM CORP.
FOR TWO UNORTHODOX GAS WELL LOCA-
TIONS, EDDY COUNTY, NEW MEXICO

CASE NO.

5486

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 28, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum
Corp. for two unorthodox gas well
locations, Eddy County, New
Mexico.

Case No.
5486

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Applicant:

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

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MR. STAMETS: Call the next case, 5486, being Application of Yates Petroleum Corp. for two unorthodox gas well locations, Eddy County, New Mexico.

MR. LOSEE: A.J. Losee, Losee & Carson, Artesia, New Mexico, appearing on behalf of the Applicant. I have one witness, Mr. Ray Beck.

MR. STAMETS: Are there any other appearances in this Case? The Witness will stand and be sworn.

(Witness sworn.)

(Whereupon, a discussion was held off the record.)

MR. LOSEE: Mr. Examiner, the Applicant at this time wishes to amend that portion of the Application requesting an unorthodox location in Unit M of Section 31, Township 17 South, Range 26 East, and proceed with the hearing on the other two advertised unorthodox locations.

MR. STAMETS: Unit M?

MR. LOSEE: Yes, of 31.

MR. STAMETS: Okay. We will either dismiss that part of the Application or otherwise properly handle that.

RAY BECK

called as a witness, having been first duly sworn, was

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examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q Would you state your name, residence, and occupation?

A Ray Beck, Artesia, affiliated with Yates Petroleum.

Q In what capacity?

A Geologist.

Q Have you previously testified as a geologist before this Commission and had your qualifications made part of the record?

A I have.

Q Would you explain the purpose of this modified Application?

A Yates Petroleum would request approval to drill an unorthodox gas location in the Atoka West Morrow Gas Pool. This is the Yates-Jackson EM No. 1, 660 from the south and 1980 from the east, Section 25, 17 South, 25 East, Unit 0, dedicating the E/2 of the Section.

Q Would you please refer to what has been marked as Exhibit 1 and explain what is portrayed by this Exhibit?

A Exhibit 1 is a thickness map, or isopach map, taking into account the thickness of the Morrow clastics; that's the top of the Morrow clastics down to the Chester limestone. Also on the map are structural contours. The wells colored in red are gas wells in the West Atoka Pool. I guess that that is generally what is shown here.

Q Mr. Beck, are the offset operators to this location, with the exception of the W/2 of the Section, Yates Petroleum Corporation?

A Yes, they are.

Q Now, the W/2 of the Section is operated by what company?

A Western Oil Producers.

Q And the well they have completed in it is an undesignated Cisco gas well?

A Correct.

Q Does this map show the location of the excess of thickening on top of the Morrow clastics?

A Yes, it does. There is a general thickening of the Morrow clastics from south to north in the Fasken Units Hornbaker on up to the proposed location.

MR. STAMETS: Could you identify the location of

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that Fasken Hornbaker Well?

MR. BECK: It's on the south part of the map there in 1825, Section 25, 1980 from the north and 660 from the east.

BY MR. LOSEE:

Q Now, the closest producing well to your offset is your Arco No. 1 Well, is that correct?

A That's true.

Q How long has that been completed?

A It has been completed, as of yesterday, for 13 days.

Q Have you filed a completion report on it?

A We filed a completion report, yes.

Q Are you selling gas from that well at this time?

A We are.

Q In what volumes?

A The last 13 days has averaged 18 million a day.

Q Now, did you run a log on the well?

A We did.

Q Has that been filed with the Oil Commission?

A Yes, it has.

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Q With a request that it be kept confidential for 90 days?

A That's true.

Q Now, you've got a cross section shown on this large map. Would you refer to Exhibit 2 and explain this cross section?

A Exhibit 2 is a cross section showing the bottom part of the logs of four wells. The cross section goes more or less perpendicular to the axis of the thick associated with the West Atoka Pool. On Exhibit 1 it goes from Coquino-Hare to the Fasken Vandiver 7 to the Yates Vandiver D0 to the Yates Ferguson. It's just a third dimension of what is depicted on Exhibit 1 showing how we correlate the Morrow clastics and the Chester limestone. It also shows that the better well is the well that penetrates clean-channel sandstone in the thicker portion of that thick.

Q Do you feel like your proposed location is in the thick portion of that?

A We do.

Q As a general rule, the wells that are out from that thickening portion are not as good a Morrow well?

A True. The wells that are in the thicker portion

or along or near the thicker portion of the isopach here are the better wells, such as the Fasken-Brown Yates, Mountain States McCall, C&K Vandiver, the Yates Vandiver CN and the Yates Vandiver DO.

Q Do you also think your Arco Well is in the thicker portion of the clastic?

A Yes, we do.

Q Are there any other unorthodox locations in this field that have been approved without penalty?

A I'm aware of 9 other unorthodox locations that have been approved without penalty.

Q In the West Atoka Morrow?

A In the West Atoka Morrow.

Q If production is obtained from your well at this location, do you believe it will efficiently drain the E/2 of Section 25?

A It's my opinion that it would.

Q Were Exhibits 1 and 2 prepared by you?

A They were.

MR. LOSEE: We move the introduction of Exhibits 1 and 2.

MR. STAMETS: These exhibits will be admitted.

(Whereupon, Applicant's Exhibits
1 and 2 were admitted into evidence.)

MR. LOSEE: I have no further questions on
direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Beck, what acreage is dedicated to the
Yates Arco Well in 36, 17, 25?

A North half.

Q So there will be the opportunity for the drilling
of a well in the south half of that section?

A Yes, sir.

Q Now, is the Yates Arco Well completed in this
Vandiver channel?

A This is a question I am anticipating and I
cannot answer it. I'm not certain that it is for
reasons of pressure between this well and the wells
already completed in the West Atoka. I think that it's
associated with the same Morrow thick, and we're still
not certain that it's actually the same reservoir yet.

Q Did you get pressure substantially higher than
you had in the West Atoka channel?

A Substantially higher, yes, sir.

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Q So you could have found another Morrow channel in there?

A Could be, could be.

Q That doesn't change the danger in missing a Morrow channel if you step out too far, does it, even if it's different ones?

A No, sir, it doesn't.

Q Looking down through the map, Exhibit No. 1, I see at least a couple of locations in there that appear to be about as close as the two you have proposed here. Does the proximity of these locations cause any drainage problems in the Morrow formation in the types of channeling that you have here?

A Well, I'm not certain that I quite understand what you're asking.

Q Well, it's obvious, if you have the wells too close, essentially you're not really achieving very good drainage from the Morrow and you wind up, basically, with one wellbore and you just have the two straws coming out to the surface. Is that the case with a location such as you have here in the Morrow, or are you achieving pretty good drainage in the Morrow, considering the channeling that is existent in this area?

A Well, I believe that the drainage is good between these wells.

Q So, the fact that these wells are as close as they are should not have any harmful effect on the drainage in the area?

A No, sir, I don't believe so. There is an example in Section 13 of 18, 25, the B & M or Pennzoil Vandiver 2 Well and the offset well in the Yates Vandiver CN just to the east. Both of these wells are in the channel. The Vandiver 2 Well is not doing a very good job of draining it; better drainage and efficient production comes from channels in Vandiver CN.

Q So, if you get the channel you've got good drainage and if you don't get the channel you've got poor drainage?

A That's right.

Q And to get the channel you need to be able to locate your wells where it is the best possible place?

A The best possible place.

MR. STAMETS: Any other questions of the Witness? He may be excused. Anything further in this Case?

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MR. LOSEE: Nothing further, Mr. Examiner.

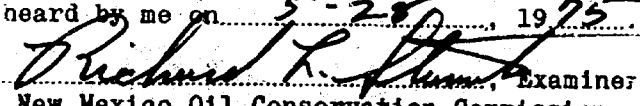
MR. STAMETS: We will take the Case under
advisement.

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STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE) SS.

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, Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5486
heard by me on 5-28, 1975

New Mexico Oil Conservation Commission

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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. 5486

Order No. R- 5036

APPLICATION OF YATES PETROLEUM CORP.
FOR TWO UNORTHODOX GAS WELL LOCATIONS,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 28, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this June day of May, 1975, 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 Corp., seeks approval
of ~~an~~ ^{within one mile of the underground West 17th St. - Morrow} unorthodox gas well locations adjacent to the Atoka Pennsylvanian
Gas Pool, ~~the first~~ ^{Eddy County, New Mexico, with} to be located in the center of Unit 0 of Section 25,
Township 17 South, Range 25 East, the E/2 of said Section 25 to be
dedicated to the well, ~~and the second to be located in the center of~~

(3) That applicant seeks dismissal of that part of the application which deals with a proposed unorthodox location in

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Case No. 5486

Order No. R-

Unit M of Section 31, Township 17 South, Range 26 East, ~~the W/2 of said Section 31 to be dedicated to the well.~~

(4) That ^{the proposed} 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 locations.

(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:

~~undesignated unit~~

(1) That the applicant, Yates Petroleum Corporation is hereby authorized to drill a well at an unorthodox location in the center of unit O, Section 25, Township 17 South, Range 25 East, ~~NMPH, within one mile of the~~ ~~undesignated~~ West Floka - Morrow Gas Pool, Eddy County, New Mexico.

(2) That the E/2 of said Section 25 shall be dedicated to said well.

(3) That the application for an unorthodox gas well location in

in the center of Unit M of Section 31, Township 17 South, Range 26 East, ~~the W/2 of said Section 31 to be dedicated to the well.~~ ^{NMPH, is hereby dismissed.}

(4) 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.

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. 5486
Order No. R-5036

APPLICATION OF YATES PETROLEUM CORP.
FOR TWO UNORTHODOX GAS WELL LOCATIONS,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 28, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of June, 1975, 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 Corp., seeks
approval of an unorthodox gas well location within one mile
of the West Atoka-Morrow Gas Pool, to be located in the center
of Unit O of Section 25, Township 17 South, Range 25 East,
Eddy County, New Mexico, with the E/2 of said Section 25 to be
dedicated to the well.

(3) That applicant seeks dismissal of that part of the
application which deals with a proposed unorthodox location
in Unit M of Section 31, Township 17 South, Range 26 East.

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

(5) That no offset operator objected to the proposed un-
orthodox locations.

(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

-2-

Case No. 5486
Order No. R-5036

number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation, is hereby authorized to drill a well at an unorthodox location in the center of Unit O, Section 25, Township 17 South, Range 25 East, NMPM, within one mile of the West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the E/2 of said Section 25 shall be dedicated to said well.

(3) That the application for an unorthodox gas well location in the center of Unit M of Section 31, Township 17 South, Range 26 East, NMPM, is hereby dismissed.

(4) 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


Phil R. Lucero
PHIL R. LUCERO, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

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. 5486

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 E/2 Section 25, Township 17 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and proposes to drill a well located 660 feet from the South line and 1,980 feet from the East line of said Section 25.

2. Applicant seeks an exception to the well location requirements of Rule 104 C-II(a) of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation in the Pennsylvanian system.

3. That a standard 320-acre gas proration unit comprising the E/2 of said Section 25 should be dedicated to such well or such lesser portion thereof as is reasonably shown to be productive of gas.

4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising

DOCKET MAILED

Date 5/16/75

from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative 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 a well 660 feet from the South line and 1,980 feet from the East line of said Section 25, and to dedicate that portion of the E/2 of said Section 25 which is reasonably presumed to be productive of gas.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson

LOSEE & CARSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

Docket No. 13-75 is tentatively set for hearing on June 11, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 28, 1975

9 A.M. - OIL CONSERVATION COMMISSION 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:

CASE 5468: (Continued from the April 30, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kenneth M. Hankins, Great American Insurance Company, and all other interested parties to appear and show cause why the Virginia Branch Well No. 1, located in Unit D of Section 9, Township 10 North, Range 25 East, Guadalupe County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5485: Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Tidwell ED Well No. 1, located in Unit P of Section 22, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, in such a manner as to produce gas from the Atoka and Morrow formations through the tubing-casing annulus and tubing, respectively.

CASE 5486: Application of Yates Petroleum Corp. for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well locations for two proposed wells adjacent to the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, the first to be located in the center of Unit O of Section 25, Township 17 South, Range 25 East, the E/2 of said Section 25 to be dedicated to the well, and the second to be located in the center of Unit M of Section 31, Township 17 South, Range 26 East, the W/2 of said Section 31 to be dedicated to the well.

CASE 5487: Application of J. I. O'Neill, Jr., for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water by injection into the San Andres formation through the perforated interval from 4852 feet to 5001 feet in his State L Well No. 2, located in Unit N of Section 16, Township 8 South, Range 36 East, South Prairie-San Andres Pool, Roosevelt County, New Mexico.

CASE 5488: Application of Texas Pacific Oil Co. for pool contraction and extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order contracting the vertical limits of the Jalmat Gas Pool underlying the N/2 NE/4 and the SE/4 NE/4 of Section 4, Township 23 South, Range 36 East, Lea County, New Mexico, by the deletion therefrom of the lowermost 160 feet of the Seven Rivers formation, and the concurrent extension of the vertical limits of the Langlie Mattix Pool underlying said lands to include therein the said lowermost 160 feet of the Seven Rivers formation, further to similarly contract the vertical limits of the Jalmat Gas Pool underlying the NW/4 SW/4 of Section 3, Township 23 South, Range 36 East, by the deletion of the lowermost 135 feet of the Seven Rivers and the concurrent extension of the Langlie Mattix Pool to include the lowermost 135 feet of the Seven Rivers.

CASE 5489: Application of Texas Pacific Oil Co., Inc. for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the expansion of its Jalmat State "A" and/or its Langlie Mattix State "A" waterflood projects, Jalmat and Langlie Mattix Pools, by the injection of water into the Seven Rivers and Queen formations through its State "A" Wells Nos. 47 and 63 located, respectively, in Units K and I of Section 3 and its State "A" Well No. 84, located in Unit G of Section 23, all in Township 23 South, Range 36 East, Lea County, New Mexico.

CASE 5490: Application of Tenneco Oil Co. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Strawn formation through the perforated interval from 11,164 feet to 11,470 feet in its Jones Federal "D" Well No. 1, located in Unit E of Section 24, Township 19 South, Range 31 East, Lusk-Strawn Pool, Eddy County, New Mexico.

CASE 5491: Application of Murphy H. Baxter for an unorthodox oil well location and an administrative procedure, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location for a well to be drilled 1980 feet from the North line and 1460 feet from the East line of Section 1, Township 18 South, Range 33 East, North EK-Queen Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure whereby additional wells at unorthodox locations in the North EK-Queen Unit Area could be approved without notice and hearing.

CASE 5469: (Continued and Readvertised)

Application of Read & Stevens for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a well to be drilled at a point 990 feet from the South and West lines of Section 7, Township 15 South, Range 28 East, Chaves County, New Mexico, in exception to the Buffalo Valley-Pennsylvanian Gas Pool Rules.

- CASE 5492: Application of David Fasken for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Canyon and Morrow production in the wellbore of his El Paso Federal Well No. 2, located in Unit M of Section 2, Township 21 South, Range 26 East, Avalon Field, Eddy County, New Mexico.
- CASE 5493: Application of Texas West Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 5, Township 24 South, Range 34 East, Bell Lake Field, Lea County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit in Unit G of said Section 5. Also to be considered will be the cost of drilling and completing 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 the risk involved in drilling said well.
- CASE 5494: Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, and in the Langlie Mattix Pool underlying the NW/4 NW/4 of said Section 35 to form a non-standard 160-acre Jalmat gas proration unit and a standard 40-acre Langlie Mattix oil proration unit, each to be dedicated to applicant's Dabbs Well No. 2, located at an unorthodox Jalmat gas well location 330 feet from the North line and 990 feet from the West line of said Section 35. Also to be considered will be the cost of re-entering, 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 will be the designation of the applicant as operator of the well and a charge for the risk involved in re-entering, drilling, and completing said well.

Jerry Lane 2:30 p 5/5/75

Yale's Petr. Days

2 unorthodox gas well locs. adj. to
W. Atoka massive Gas Pool, Eddy Co

One
Case

first: 660 FSL & 1980 FEL
Sec 25, T17S, R25E ~~Eddy~~
E/2 to be dedicated

Second: 660 F S & W L
Sec 31, T17S, R26E ~~Eddy~~
W/2 to be dedicated