CASE 5734: YATES PET, CORP. FOR AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO.

5734

APPlication, Transcripts, Small Exhibits,

ETC.

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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico August 18, 1976

EXAMINER HEARING

IN THE MATTER OF: Application of Yates Petroleum Corpora-) CASE tion for an unorthodox location, 5734 Eddy County, New Mexico.

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil William F. Carr, Esq. Conservation Commission: Legal Counsel for the Commission State Land Office Building

Santa Fe, New Mexico

For the Applicant: Joel M. Carson, Esq. LOSEE & CARSON, P.A. Attorneys at Law 300 American Home Building

Artesia, New Mexico

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I N D E X

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| , | RAY BECK | |
| , | Direct Examination by Mr. Carson | 3 |
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EXHIBIT INDEX

| | Offered | Accepte |
|------------------------------------------|---------|---------|
| Applicant's Exhibit One, Land Plat | 4 | 6 |
| Applicant's Exhibit Two, Map | 4 | 6 |
| Applicant's Exhibit Three, Cross Section | 6 | 6 |

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MR. STAMETS: We will call the next Case 5734.

MR. CARR: Case 5734, application of Yates

Petroleum Corporation for an unorthodox location, Eddy County,

MR. CARSON: Mr. Hearing Examiner, my name is Joel Carson, Losee and Carson, P.A., Artesia, New Mexico appearing on behalf of Yates Petroleum Corporation. I have one witness, Mr. Ray Beck, who has previously been sworn in Cases 5732 and 5733.

MR. STAMETS: Let the record reflect that Mr. Beck is still sworn.

RAY BECK

called as a witness, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CARSON:

New Mexico.

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- Q Will you state your name, please?
- A. Ray Beck.
- Q. And, Mr. Beck, you are the same person who has testified in Cases Number 5732 and 5733, is that correct?
 - A. Yes, I am.
- Q. And you previously testified before this Commission and your qualifications have been acceptable?

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A. Yes.

MR. STAMETS: The witness is considered qualified.

- Q. (Mr. Carson continuing.) Mr. Beck, would you please state the purpose of your application in cause number 5734?
- A. In Case 5734 Yates Petroleum Corporation requests approval of the unorthodox Morrow gas well location of its proposed No. 1 Federal GL to be drilled six hundred and sixty feet from the south and west lines of Section 33, Township 17 South, 25 East, Eddy C. 'ty, New Mexico. The south half of said Section 33 will be dedicated to the well.
- Q I refer you to Applicant's Exhibit Number One and ask if that was prepared by you or under your supervision?
 - A. It was prepared by me.
- Q. Would you explain to the Hearing Officer what that plat purports to show?
- A. Exhibit Number One is a land plat showing the proposed location and its relationship to the surrounding acreage. The south half has been marked off in red.
- Q. Mr. Beck, I refer you to Applicant's Exhibit Number
 Two and ask if that was prepared by you or under your
 supervision?
 - A. It was prepared by me.
- Q. Would you explain to the Hearing Officer what that exhibit purports to show?
 - A. Exhibit Number Two is a map showing with solid

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contours the projected thickness and the areal extent of an Upper Morrow channel reservoir called for convenience the CZ channel.

Also shown with dotted contours is the structural configuration on top of the Morrow clastics.

The CZ channel is fifty-three feet thick in the Federal CZ Well and is thirty-one feet thick in the Yates Federal GC Well in Section 32. The CZ channel made six point five million after stimulation and the Federal GC Well in Section 32 made approximately one point five million per day after perforating but it has not yet been stimulated. The CZ channel has not been found in seven nearby wells. The Morrow channel sand such as the CZ channel which are near to the Morrow sub-crop only very rarely, if ever, totally underlie a three-hundred-and-twenty acre spacing unit although thinner shoreline strike sands which underlie non-channel portions of a spacing unit may intersect channels and ultimately drain the spacing unit. It is well known that wells which encounter the thicker portions of the channel sands are much more productive and efficient.

The proposed location of the Yates Federal GL Well is positioned where we now interpret the thicker portion of the CZ channel to cross the south half of Section 33 of 17, 25 and this position would more efficiently drain the spacing unit.

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This exhibit also shows the location of cross section

AA prime which is Exhibit Three.

- Q. Referring you to Exhibit Number Three, was this exhibit prepared by you or under your supervision?
 - A. It was prepared by me.
- Q Would you explain to the Hearing Officer what that exhibit purports to show?
- A. Exhibit Number Three is a cross section, hung again on the top of the Morrow clastics in longitudinal section and it shows the correlations between the Federal CZ, the Federal GC and the Ratliff wells.

The proposed well, the GL, would be out in front of or in back of, whichever way you would like to look at it, from the Federal GC and will encounter somewhat more section than the Federal GC Well did, which was thirty-one feet.

MR. CARSON: Mr. Hearing Officer, I would like to move the introduction of these exhibits.

MR. STAMETS: The exhibits will be admitted.

(THEREUPON, Applicant's Exhibits One through
Three were admitted into evidence.)

Q. (Mr. Carson continuing.) Mr. Beck, in your opinion would the approval of this application afford Yates Petroleum the opportunity to produce its just and equitable share of gas, prevent economic loss caused by the drilling of unnecessary

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wells and avoid the augmentation of risk from the drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights?

A. I do.

MR. CARSON: I have no further question.

MP. STAMETS: Are there any questions of the witness? He may be excused.

(THEREUPON, the witness was excused.)

MR. STAMETS: Anything further in this case? We will take the case under advisement.

I, SIDNEY F. MORRISH, a Certified Shorthand 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.

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i do hereey certify that the foregoing is a complete record of the proceedings in the Exeminer hearing of Case

New Mexico 011 Conservation Commission . Examiner



OIL CONSERVATION COMMISSION

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



DIRECTOR JOE D. RAMEY

Mr. Joel Carson

LAND COMMISSIONER PHIL R. LUCERO September 1, 1976

EMERY C. ARNOLD

ORDER NO. R-5260

| Losee and Carson Attorneys at Law Post Office Box 239 Artesia, New Mexico 88210 | Applicant: |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| | Yates Petroleum Corporation |
| Dear Sir: | • |
| | e two copies of the above-referenced ently entered in the subject case. |
| Yours very truly, JOE D. RAMEY Director | |
| JDR/fd | |
| Copy of order also se | ent to: |
| Hobbs OCC * | · · · · · · · · · · · · · · · · · · · |
| Artesia OCC x Aztec OCC | |
| Other | |

Re: CASE NO._

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. 5734 Order No. R-5260

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 August 18, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>31st</u> day of August, 1976, 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:

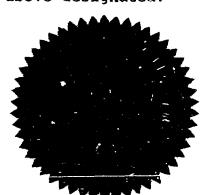
- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location of its Federal GL Well No. 1 to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 33, Township 17 South, Range 25 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.
- (3) That the S/2 of said Section 33 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.

-2-Case No. 5734 Order No. R-5260

IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Yates Petroleum Corporation Federal GL Well No. 1 to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 33, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.
- (2) That the S/2 of said Section 33 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

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD Member

JOE D. RAMEY, Member & Secretary

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SEAL

Dockets Nos. 24-76 and 25-76 are tentatively set for hearing on September 1 and 15, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 18, 1976

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for September, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blinebry, Drinkard, and Tubb production in the wellbore of its C. H. Lockhart Federal Well No. 6 located in Unit G of Section 18, Township 22 South, Range 38 East, Lea County, New Mexico.
- CASE 5725: Application of General American Oil Company for extension of time for temporary abandonment, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks extension of time for temporary abandonment of certain wells in Eddy County, New Mexico, said wells being described as follows:

Township 16 South, Range 29 East:
Brewer Nos. 19 and 28 in Section 12; Brewer Nos. 11, 12, 14, 24, and 25 in Section 13; Brewer Nos. 3, 4, 5, 17, 18, 20, 21, 23, and 27 and Bosworth Nos. 1, 2, 3, and 4 in Section 14; and Nunlee Nos. 4, 5, and 6 in Section 35;

Township 16 South, Range 30 Fast: Sivley No. 3 in Section 8;

Township 17 South, Range 29 East:
Keely "C" Nos. 10, 12, 18, 20, 25, and 37 in Section 25; Grayburg D. U. No. 5 in Section 25;
Keely "B" No. 15 in Section 26; Green "A" Nos. 1 and 4 in Section 29; and State B1778 Nos. 1
and 3 and State B4458 No. 2 in Section 36;

Township 17 South, Range 30 East:
Burch "A" Nos. 23 and 24 in Section 19; Dexter "E" No. 2 in Section 20; Parke "E" No. 2 in Section 22; Maddren "B" Nos. 6 and 9 in Section 27; Beeson A No. 2 in Section 28; Beeson "F" No. 9 in Section 29; Grayburg D. U. Nos. 4 and 6 in Section 30; Beeson "F" Nos. 1, 3, 4, 5, 6, 12, 13, 14, and 16 in Section 31; State B4108 No. 1 in Section 32; and Arnold "D" Nos. 8 and 9 in Section 34.

Three of the above wells are undesignated and the others are variously located in the High Lonesome, West Square Lake, Grayburg Jackson, Loco Hills, and West Henshaw Premier Pools.

- CASE 5732: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to commingle Morrow and Strawn production in the wellbore of its Roden Federal GD Well No. 1 located in Unit I of Section 23, Township 19 South, Range 24 East, Eddy County, New Mexico.
- Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Jackson GM Well No. 1 to be drilled at a point 660 feet from the South line and 1650 feet from the West line of Section 24, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the W/2 of said Section 24 to be dedicated to the well.
- Application of Yates Petroleum Corporation for a unorthodox location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks applied to the unorthodox gas well location of its Federal GL Well No. 1 to be drilled at a point 660 feet from the South and West lines of Section 33, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the S/2 of said Section 33 to be dedicated to the well.
- CASE 5724: Application of Yates Petroleum Corporation for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purposes of treating and reclaiming sediment oil at a site in the SE/4 of Section 25, Township 18 South, Range 25 East, Eddy County, New Mexico.

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BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

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

CASE NO. 5734

APPLICATION

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

1. That applicant is the operator of the Pennsylvanian formation underlying:

Township 17 South, Range 25 East, N.M.P.M.

Section 33: S/2,

and proposes to drill its Yates Petroleum Corporation Federal "GL" No. 1 located 660 feet from the South and 660 feet from the West line of said Section 33.

- 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 S/2 of said Section 33 should be dedicated to such well or such lesser portion thereof as is reasonably shown to be productive of gas.

4. That 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 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 applicant permission to drill a well 660 feet from the South line and 660 feet from the West line of said Section 33 and to dedicate the S/2 of said Section 33 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

LOSEE & CARSON, P.A.

P. O. Drawer 239

Artesia New Mexico 88210

Attorneys for Applicant



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WHEREFORE, applicant prays:

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

YATES PETROLEUM CORPORATION

LOSEE & CARSON, P.A.

P. O. Drawer 239

Artosia New Mexico 88210

Attorneys for Applicant

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IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

| | CASE NO ! | 5734 |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------|
| | Order No. R | 5260 |
| APPLICATION OF YATES PETROLEUM CORPORATION OF YATES PETROLEUM CORPORATION, FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO. | ION | |
| ORDER OF THE COMMISSION | 4 | |
| BY THE COMMISSION: | 1Des | |
| This cause came on for hearing at 9 a.m. at Santa Fe, New Mexico, before Examiner R | n. on August | 18 , 1 9 6 |
| NOW, on this <u>day of August</u> quorum being present, having considered the the recommendations of the Examiner, and bei | , 19 76 e testimony, the | _, the Commission, e record, and |
| FINDS: | | |
| (1) That due public notice having been commission has jurisdiction of this cause and | | |
| (2) That the applicant, Yates Per of its Federal GL Wo approval of an unorthodox gas well location | ell No. 1 to | he drilled at a |
| ine and 660 feet from the West line | | |
| 17 South , Range 25 East | , NMPM, to te | est the |
| Morrow formation, | | Rools |
| ddy County, New Mexico. | | |
| (3) That the $\frac{S/2}{}$ of said Section | 33 is to be | dedicated to the |
| vell. | | |
| (4) That a well at said unorthodox lo | cation will bet | ter enable |

applicant to produce the gas underlying the proration unit.

location.

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

point

| -2- | | |
|-------|-----|----|
| Case | No. | |
| Order | No. | R- |

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

IT IS THEREFORE ORDERED:

| (1) That an unorthodox gas well location for the Morrow the Martis Petroleum Corporation applicant's Federal GL Well No. 1 to be deformation is hereby approved for XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | rilled |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| formation is hereby approved for axxex xxxx sex pocated at a point | 660 |
| feet from the South line and 660 feet from the West | |
| line of Section 33, Township 17 South, Range 25 | East |
| NMPM, Poot, Eddy | County, |
| New Mexico. | |
| (2) That the S/2 of said Section 33 shall be dedica | ted to |

- (2) That the $\frac{S/2}{}$ of said Section $\frac{33}{}$ 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.

Jul Caron
VATES Petrolaum Corporation

request for unorthodox los.

Sec 33 175 25E

660' FSL

" FWL

drill a Monow well

Yaken Pet dorp

Fed GL #1

S/Z dedicated

Who

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