

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

CASE NO.

5734

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
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

Page

RAY BECK

Direct Examination by Mr. Carson

3

EXHIBIT INDEX

Offered

Accepted

Applicant's Exhibit One, Land Plat

4

6

Applicant's Exhibit Two, Map

4

6

Applicant's Exhibit Three, Cross Section

6

6

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

2 MR. CARR: Case 5734, application of Yates
3 Petroleum Corporation for an unorthodox location, Eddy County,
4 New Mexico.

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

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

12
13 RAY BECK

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

16
17 DIRECT EXAMINATION

18 BY MR. CARSON:

19 Q Will you state your name, please?

20 A Ray Beck.

21 Q And, Mr. Beck, you are the same person who has
22 testified in Cases Number 5732 and 5733, is that correct?

23 A Yes, I am.

24 Q And you previously testified before this Commission
25 and your qualifications have been acceptable?

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1 A. Yes.

2 MR. STAMETS: The witness is considered qualified.

3 Q. (Mr. Carson continuing.) Mr. Beck, would you please
 4 state the purpose of your application in cause number 5734?

5 A. In Case 5734 Yates Petroleum Corporation requests
 6 approval of the unorthodox Morrow gas well location of its
 7 proposed No. 1 Federal GL to be drilled six hundred and sixty
 8 feet from the south and west lines of Section 33, Township 17
 9 South, 25 East, Eddy County, New Mexico. The south half of
 10 said Section 33 will be dedicated to the well.

11 Q. I refer you to Applicant's Exhibit Number One and
 12 ask if that was prepared by you or under your supervision?

13 A. It was prepared by me.

14 Q. Would you explain to the Hearing Officer what that
 15 plat purports to show?

16 A. Exhibit Number One is a land plat showing the
 17 proposed location and its relationship to the surrounding
 18 acreage. The south half has been marked off in red.

19 Q. Mr. Beck, I refer you to Applicant's Exhibit Number
 20 Two and ask if that was prepared by you or under your
 21 supervision?

22 A. It was prepared by me.

23 Q. Would you explain to the Hearing Officer what that
 24 exhibit purports to show?

25 A. Exhibit Number Two is a map showing with solid

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

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

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

21 The proposed location of the Yates Federal GL Well
22 is positioned where we now interpret the thicker portion of
23 the CZ channel to cross the south half of Section 33 of 17,
24 25 and this position would more efficiently drain the spacing
25 unit.

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1 This exhibit also shows the location of cross section
2 AA prime which is Exhibit Three.

3 Q Referring you to Exhibit Number Three, was this
4 exhibit prepared by you or under your supervision?

5 A. It was prepared by me.

6 Q Would you explain to the Hearing Officer what that
7 exhibit purports to show?

8 A. Exhibit Number Three is a cross section, hung again
9 on the top of the Morrow clastics in longitudinal section and
10 it shows the correlations between the Federal CZ, the Federal
11 GC and the Ratliff wells.

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

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

19 MR. STAMETS: The exhibits will be admitted.

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

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

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

4 A. I do.

5 MR. CARSON: I have no further question.

6 MR. STAMETS: Are there any questions of the
7 witness? He may be excused.

8 (THEREUPON, the witness was excused.)

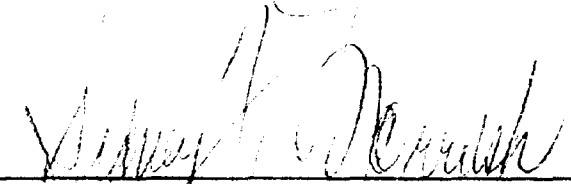
9 MR. STAMETS: Anything further in this case? We
10 will take the case under advisement.

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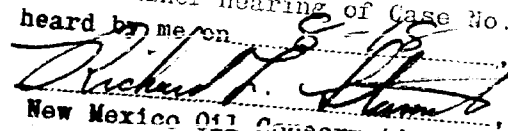
REPORTER'S CERTIFICATE

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.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5734.
heard by me on 8-18-76.

Richard H. Ham, Examiner
New Mexico Oil Conservation Commission

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. 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 31st 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

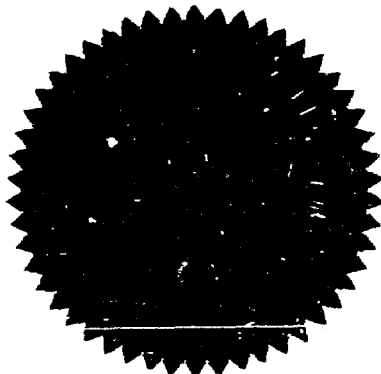
IT IS THEREFORE ORDERED:

(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 herein-above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

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

S E A L

jr/

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 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. Mitter, 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.

CASE 5731: Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blinbry, 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 East:

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.

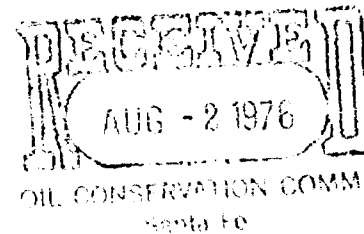
CASE 5732: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Morrow and Strawn production in the wellbore of its Roden Federal GD Well No. 1 located in Unit I of Section 23, Township 19 South, Range 24 East, Eddy County, New Mexico.

CASE 5733: 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.

CASE 5734: 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 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.

[illegible]



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 : CASE NO. 5734
COUNTY, NEW MEXICO. :

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 un-
orthodox location to a depth sufficient to adequately test the
Morrow formation in the Pennsylvanian system.

3. That a standard 320-acre gas proration unit com-
prising 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.

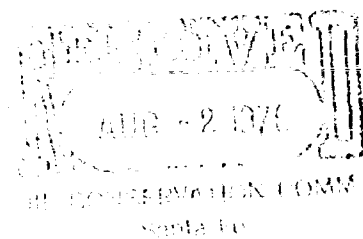
C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 

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

Attorneys for Applicant



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

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Section 33: S/2,

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West line of said Section 33.

2. Applicant seeks an exception to the well location
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to permit the drilling of the well at the above mentioned un-
orthodox location to a depth sufficient to adequately test the
Morrow formation in the Pennsylvanian system.

3. That a standard 320-acre gas proration unit com-
prising 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.

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

YATES PETROLEUM CORPORATION

By: 

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

Attorneys for Applicant

FILED - 8 13/6
OIL CONSERVATION COMM.
STATE OF NEW MEXICO

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 un-
orthodox location to a depth sufficient to adequately test the
Morrow formation in the Pennsylvanian system.

3. That a standard 320-acre gas proration unit com-
prising the S/2 of said Section 33 should be dedicated to such
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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

By: 

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

Attorneys for Applicant

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. 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 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
of its Federal GL Well No. 1 to be drilled at a point
approval of an unorthodox gas well location 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, Pool,
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.

-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 Hatis Petroleum Corporation applicant's~~ Federal GI Well No. 1 to be drilled formation is hereby approved for ~~XXXXXX~~ located 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, Pool, 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.

Joel Carson -

YATES Petroleum Corporation

request for unorthodox loc.

Sec 33 17S 25E

660' FSL

" FWL

drill a Morrow well

Yates Pet corp

Fed GL #1

S/Z dedicated

add

Case
5734