

Ha CASE 6173: HARVEY E. YATES CO. c.
FOR AN UNORTHODOX GAS WELL LOCA-
TION, CHAVES COUNTY, NEW MEXICO

Case NO.

6173

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 8, 1978

EXAMINER HEARING

| | | |
|--|---|------|
| IN THE MATTER OF: |) | |
| |) | |
| Application of Harvey E. Yates Company |) | CASE |
| for an unorthodox gas well location, |) | 6173 |
| Chaves County, New Mexico. |) | |

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

| | |
|--------------------------|----------------------------------|
| For the New Mexico Oil | Lynn Teschendorf, 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 |
| | Attorneys at Law |
| | 300 American Home Building |
| | Artesia, New Mexico |

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1 MR. NUTTER: We will call the next case, Case 6172.

2 MS. TESCHENDORF: Case 6173, application of Harvey
3 E. Yates Company for an unorthodox gas well location, Chaves
4 County, New Mexico.

5 MR. NUTTER: Call for appearances in this case?

6 MR. CARSON: Mr. Examiner, I am Joel Carson, Losee
7 and Carson, P. A., Artesia, New Mexico, and am appearing on
8 behalf of the applicant and I have one witness and an amended
9 application.

10 The purpose of the amended application in this case
11 is simply to -- this was originally filed with a request for
12 administrative approval and if the Commission felt it should
13 be published and it was and the amended application, you
14 know, is a formal request for a hearing.

15 MR. NUTTER: There are no substantiative changes in
16 the description of the well or the location?

17 MR. CARSON: No, that's correct.

18 MR. NUTTER: Okay, please proceed.

19

20

ANDREW LATTU

21 was called as a witness by the applicant, and having been
22 first duly sworn, testified upon his oath as follows, to-wit:

23

24

DIRECT EXAMINATION

25 BY MR. CARSON:

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1 Q State your name, please?

2 A Andrew Lattu, and I am a geologist with the Harvey
3 E. Yates Company in Roswell.

4 Q Mr. Lattu, you have previously testified before
5 this Commission have you not?

6 A Yes, I have.

7 Q And your qualifications have been accepted, is that
8 correct?

9 A Yes, they have.

10 Q Mr. Lattu, would you tell the Commission what the
11 purpose of this application is?

12 A The purpose of this application is to re-enter the
13 Pan American, U.S. Smelting Well in Section 34, Township 7
14 South, 30 East and to deepen it to the Mississippian. The
15 location of this well would make this an unorthodox location
16 for a Mississippian test.

17 Q What is that location?

18 A Nine ninety from the north and six sixty from the
19 west in Section 34, Township 7 South, Range 30 East.

20 Q I hand you what has been marked as the Applicant's
21 Exhibit Number One, and ask if that was prepared by you or
22 under your supervision?

23 A Yes, it was.

24 Q And what does that exhibit purport to show?

25 A Exhibit Number One is a land plat of the area showing

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1 the proposed location of the re-entry and deepening of the
2 well and the relation of this location to the surrounding
3 acreage.

4 Q I refer you to Applicant's Exhibit Number Two and
5 ask if that exhibit was prepared by you or under your
6 supervision?

7 A Yes, it was. Exhibit Number Two is a structural
8 geologic map contoured on the top of the Devonian showing
9 the relationship of the proposed location in the Lightcap
10 Field and also to the well down in Section 27, Township 8
11 South, Range 30 East, which is the Coquina Shell Federal
12 No. 1, which is a dry hole. Three DST's were conducted in
13 the Atoka sand. Two of the DST's recovered large amounts
14 of salt water and formation water and good pressure which
15 indicates the Atoka sand could be a productive reservoir
16 in this area.

17 The relationship of the proposed re-entry is
18 approximately a thousand feet high to this well and we anticipate
19 being above the potential water level in this sand zone.

20 It also shows the outline of Exhibit Three which
21 is a cross section AA Prime.

22 Q Referring you to Applicant's Exhibit Number Three
23 and ask if that was prepared by you or under your supervision?

24 A Yes, it was.

25 Q Would you explain to the Examiner what that exhibit

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1 purports to show?

2 A Exhibit Three is a cross section, east-west, and
3 it shows the Lightcap Field east to the Yates re-entry
4 Humble No. 1 Railroad Mountain Unit in Section 8, Township 8
5 South, 31 East.

6 This cross section shows that we anticipate
7 approximately three hundred feet of Atoka clastic section
8 underneath the proposed re-entry and the deepening of the
9 Crosby well.

10 Q Mr. Lattu, do you believe that the granting of
11 this application will afford the applicant the opportunity
12 to produce its just and equitable share of gas and will
13 prevent economic loss caused by the drilling of unnecessary
14 wells and avoid the agumentation of risk arising from the
15 drilling of an excessive number of wells and will otherwise
16 prevent waste and protect correlative rights?

17 A Yes, I do.

18 MR. CARSON: I would like to move the admission of
19 these exhibits, Mr. Examiner.

20 MR. NUTTER: Applicant's Exhibits One through Three
21 will be admitted in evidence.

22 MR. CARSON: We have no further questions.
23

24 CROSS EXAMINATION

25 BY MR. NUTTER:

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1 Q Mr. Lattu, the Lightcap Field is producing from
2 what formation?

3 A From the Devonian.

4 Q And you mentioned that this would be drilled to
5 the Mississippian and see where the Mississippian is and
6 if it is not too low you go on into the Devonian, is that it?

7 A No. We don't anticipate going into the Devonian.
8 The proposed location is low to the Lightcap Field and the
9 field -- am convinced that the Devonian will be wet there in
10 the area.

11 Q You won't test the Devonian at all, then?

12 A No, we will not.

13 Q The proposed deepening I see from Exhibit Number
14 Two, that the current TD on the well is about seventy-eight
15 hundred, is that correct?

16 A Yes, that's correct.

17 Q And you propose to take it to about eighty-six
18 hundred, then?

19 A Yes, we do.

20 MR. NUTTER: Any further questions of the witness?
21 He may be excused. Do you have anything further, Mr.
22 Carson?

23 MR. CARSON: Nothing.

24 MR. NUTTER: Does anyone have anything they wish
25 to offer in Case 6173. We will take the case under

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1 advisement.

2 (THEREUPON, the case was concluded.)

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REPORTER'S CERTIFICATE

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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. 6173
heard by me on 3/8, 1978.
 Examiner
New Mexico Oil Conservation Commission

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. 6173
Order No. R-5669

APPLICATION OF HARVEY E. YATES COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 8, 1978, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 14th day of March, 1978, 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, Harvey E. Yates Company, seeks approval of an unorthodox gas well location 990 feet from the North line and 660 feet from the West line of Section 34, Township 7 South, Range 30 East, NMPM, to test the Pennsylvanian formation, Cato Field, Chaves County, New Mexico.
- (3) That the W/2 of said Section 34 is to be dedicated to the well.
- (4) That said unorthodox location results from the proposed re-entry and drilling deeper of a previously plugged and abandoned dry hole.
- (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. 6173
Order No. R-5669

IT IS THEREFORE ORDERED:

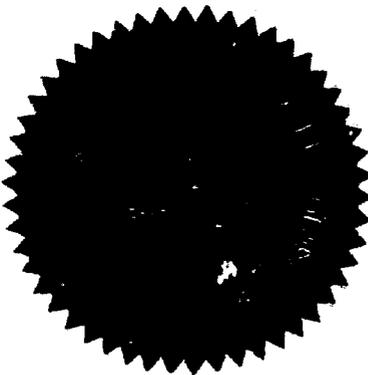
(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for Harvey E. Yates Company for a well to be re-entered and drilled deeper at a point 990 feet from the North line and 660 feet from the West line of Section 34, Township 7 South, Range 30 East, NMPM, Cato Field, Chaves County, New Mexico.

(2) That the W/2 of said Section 34 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
EMERY C. ARNOLD, Member

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

S E A L

jr/

Dockets Nos. 11-78 and 12-78 are tentatively set for hearing on March 22 and April 5, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

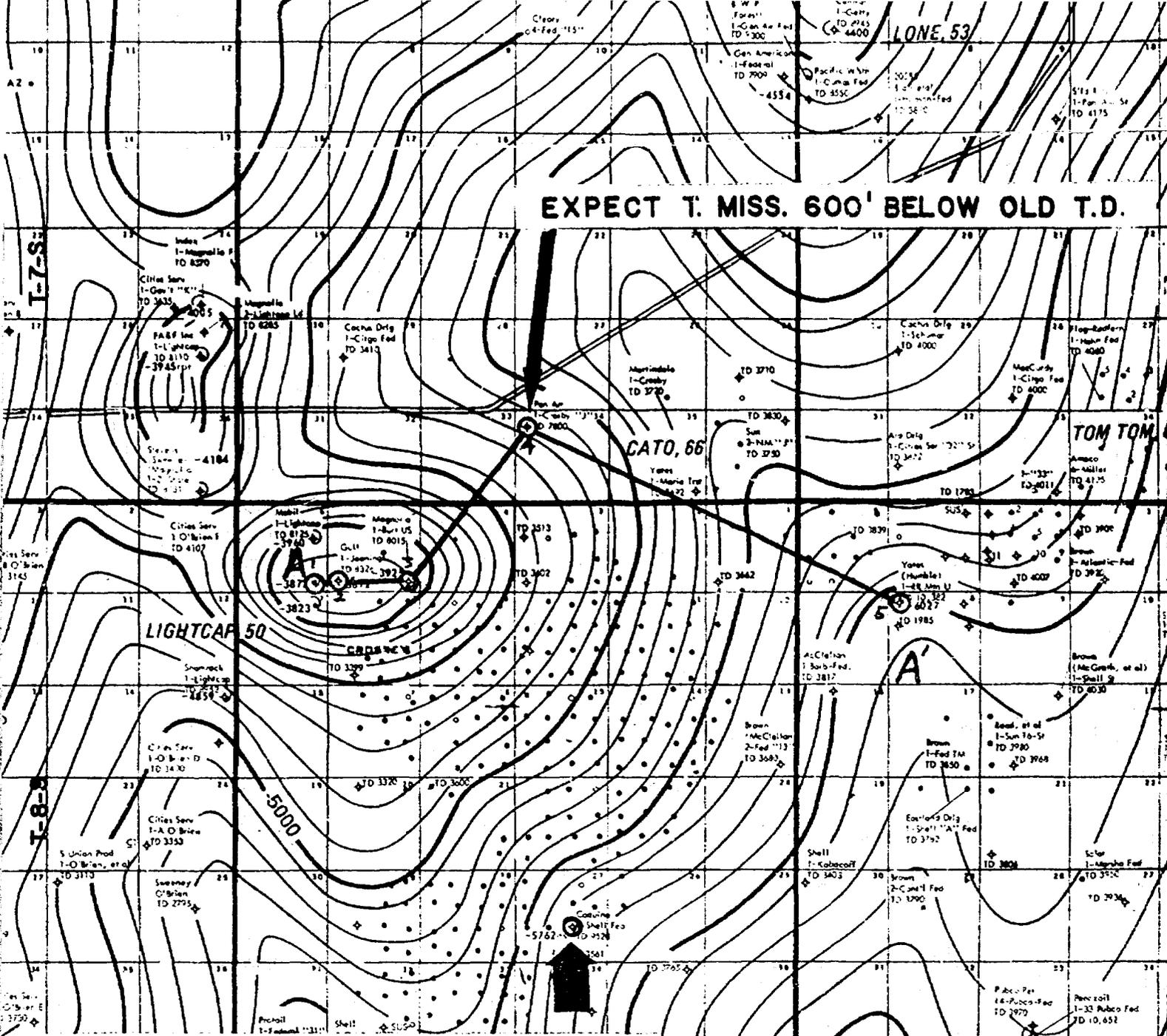
DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 8, 1978

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

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

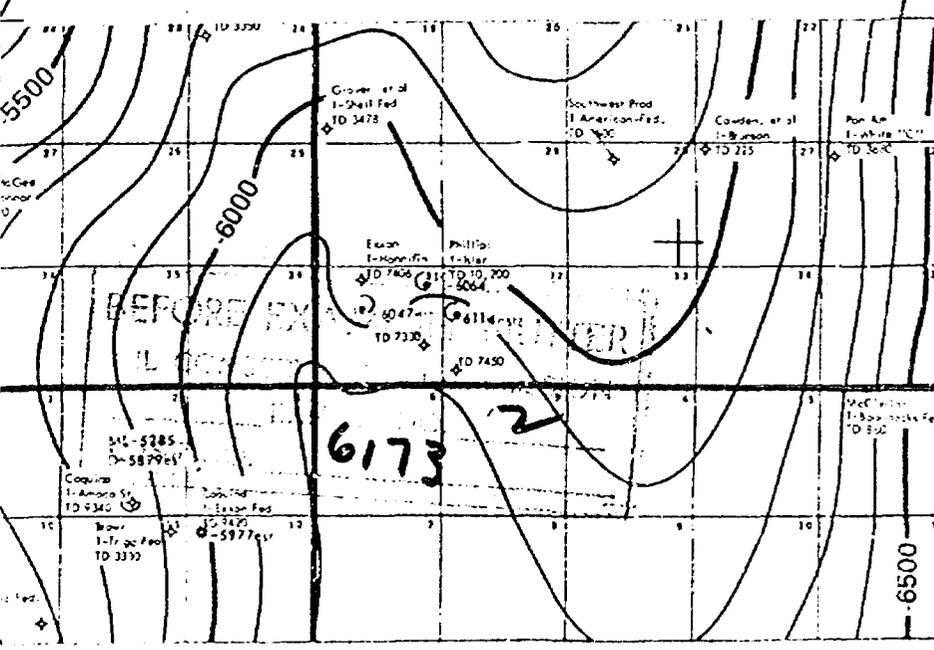
- CASE 6167: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Saguaro Oil Company and all other interested parties to appear and show cause why the Terraco Santa Fe Well No. 1 located in Unit D of Section 31, Township 18 North, Range 8 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6168: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Rutter and Wilbanks Brothers, Maryland Casualty Company, and all other interested parties to appear and show cause why the Magruder State Well No. 1 located in Unit E of Section 36, Township 17 South, Range 27 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6169: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Petroleum Products Refining and Producing Company, and all other interested parties to appear and show cause why the Santa Fe Pacific Wells Nos. 1 and 2 located in Units F and K, respectively, of Section 21, Township 21 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6170: Application of Aminoil USA, Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Westlake Unit Area comprising 1920 acres, more or less, of State lands in Township 24 South, Range 34 East, Lea County, New Mexico.
- CASE 6171: Application of J. M. Huber Corporation for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard proration unit comprising the SW/4 NE/4, W/2 SE/4 and SE/4 SE/4 of Section 10, Township 23 South, Range 26 East, Yarrow-Delaware Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the East line of said Section 10.
- CASE 6172: Application of Morris R. Antweil for compulsory pooling, Eddy 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 22, Township 19 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 risk involved in drilling said well.
- CASE 6173: Application of Harvey E. Yates Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Crosby Well No. 1 located 990 feet from the North line and 660 feet from the West line of Section 34, Township 7 South, Range 30 East, Cato Field, Chaves County, New Mexico, the W/2 of said Section 34 to be dedicated to the well.
- CASE 6174: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Moore "JD" Well No. 1 to be located 660 feet from the South and East lines of Section 34, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, the S/2 of said Section 34 to be dedicated to the well.
- CASE 6096: (Continued from February 8, 1978, Examiner Hearing)
- Application of Texas 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 Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 14, Township 21 South, Range 34 East, Lea County, New Mexico, to be dedicated to applicant's South Wilson State Well No. 1 to be drilled at a standard location thereon. 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 risk involved in drilling said well.

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EXPECT T. MISS. 600' BELOW OLD T.D.

- ATOKA Sds. TESTED TOGETHER IN 3 DST's
 DST#1 9072-9178', GTS in 7" 145 MCF, rec. 4600' SW 1hr. ISIP 3219 2 hr. FSIP 3189*
 DST#2 9258-9337', GTS in 10 min. 36 MCF, rec. 120' GCM 1hr. ISIP 1634* 2 hr. FSIP 2006*
 DST#3 9060-9100', test (SP) uppermost sd. rec. 4100' SW, 1hr. ISIP 3248* 2 hr. FSIP 3234*



HARVEY E. YATES CO., INC
 Roswell, New Mexico
HEYCO 1-Crosby J
OWDD
Chaves Co., New Mexico
 Contoured on: Devonian
 Contour Interval: 100'
 Map Scale: 1" = 8000'
 MAP by Geomorph Dec. 1977

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
HARVEY E. YATES COMPANY : CASE NO. 6173
FOR AN UNORTHODOX GAS WELL LOCATION, :
CHAVES COUNTY, NEW MEXICO :

AMENDED APPLICATION

COMES NOW HARVEY E. YATES COMPANY, by its attorneys,
and in support hereof, respectfully states:

1. Applicant is the operator of the Wolfcamp,
Pennsylvanian and Mississippian formations underlying:

Township 7 South, Range 30 East, N.M.P.M.

Section 34: W/2

and proposes to drill its Pan Am Crosby No. 1-J Well at a point
located 990 feet from the North line and 660 feet from the
West line of said Section 34.

2. The applicant seeks an exception to the well loca-
tion requirements of Rule 104-C.2(a) of the Oil Conservation
Commission to permit the drilling of the well at the above men-
tioned unorthodox location to a depth sufficient to adequately
test the Wolfcamp, Pennsylvanian and Mississippian formations.

3. A standard 320-acre gas proration unit comprising
the W/2 of said Section 34 should be dedicated to such well or
to such lesser portion thereof as is reasonably shown to be
reasonably 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 from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

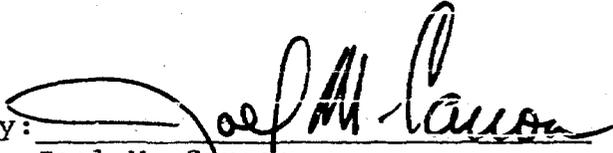
WHEREFORE, applicant prays:

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 990 feet from the North line and 660 feet from the West line of said Section 34 and to dedicate the W/2 of Section 34, which is reasonably presumed to be productive of gas from the Wolfcamp, Pennsylvanian and Mississippian formations.

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

HARVEY E. YATES COMPANY

By: 

Joel M. Carson

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

Attorneys for Applicant

HEYCO**HARVEY E. YATES COMPANY, INC.**

PETROLEUM PRODUCERS

300
SUITE 300 SECURITY NATIONAL BANK BUILDING
Mailing Address: P. O. Box 1933

ROSWELL, NEW MEXICO 88201

February 15, 1978

Mr. Joe D. Ramey
 Director
 New Mexico Oil Conservation Commission
 P. O. Box 2088
 Santa Fe, New Mexico 87501

Set for Hearing 2-16-78
R L B Case 6173

Re: Pan American Crosby #1-J
 Sec. 34, T-7S, R-30E
 Chaves County, New Mexico

Dear Mr. Ramey:

Please be advised that Harvey E. Yates Company hereby makes application for Administrative approval of an unorthodox location, pursuant to Rule 104-F, to permit re-entry and attempted recompletion of the Pan American, Crosby #1-J Well located 990 feet from the North line and 660 feet from the West line of Section 34, T-7S, R-30E, N.M.P.M., Chaves County, New Mexico. The Pan American Crosby #1-j Well was drilled as a gas well to the Wolfcamp formation at a total depth of 7800 feet on 7/23/69. The well has not been plugged and abandoned to date. Harvey E. Yates Company proposes to re-enter the well, deepen the same to the Mississippian Lime, and dedicate the W/2 of Section 34 to the well.

Attached hereto is a plat showing ownership of all leases offsetting the W/2 of Section 34. The names of the operators holding leases offsetting the proposed well are as follows:

T-7S, R-30E, N.M.P.M.

| | | |
|-------------|-------------|-------------------------|
| Section 34: | W/2 NE/4 | Glenn Petroleum |
| | E/2 NE/4) | |
| | SE/4) | Harvey E. Yates Company |
| Section 27: | W/2) | |
| | NE/4) | |
| | W/2 SE/4) | Cleary Petroleum |
| | NE/4 SE/4) | |
| | SE/4 SE/4 | Harvey E. Yates Company |
| Section 28: | NE/4) | |
| | NE/4 SE/4) | Cleary Petroleum |
| | W/2 SE/4) | |
| | SE/4 SE/4) | Harvey E. Yates Company |
| Section 33: | All | Harvey E. Yates Company |

Mr. Joe D. Ramey
February 15, 1978
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T-8S, R-30E, N.M.P.M.

Section 4: E/2

Harvey E. Yates

Section 3: E/2 NE/4

Union Texas Petroleum

W/2 NE/4

Allied Chemical and Thelma Crosby

E/2 NW/4

Allied Chemical

W/2 NW/4

Allied Chemical and Thelma Crosby

SW/4

Harvey E. Yates Company

W/2 SE/4

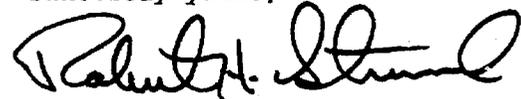
Union Texas Petroleum

E/2 SE/4

Amoco

We are sending all of the offset lease owners copies of this letter by certified mail and request that if they have no objection, they advise you directly and forward a copy of such letter to this office.

Sincerely yours,



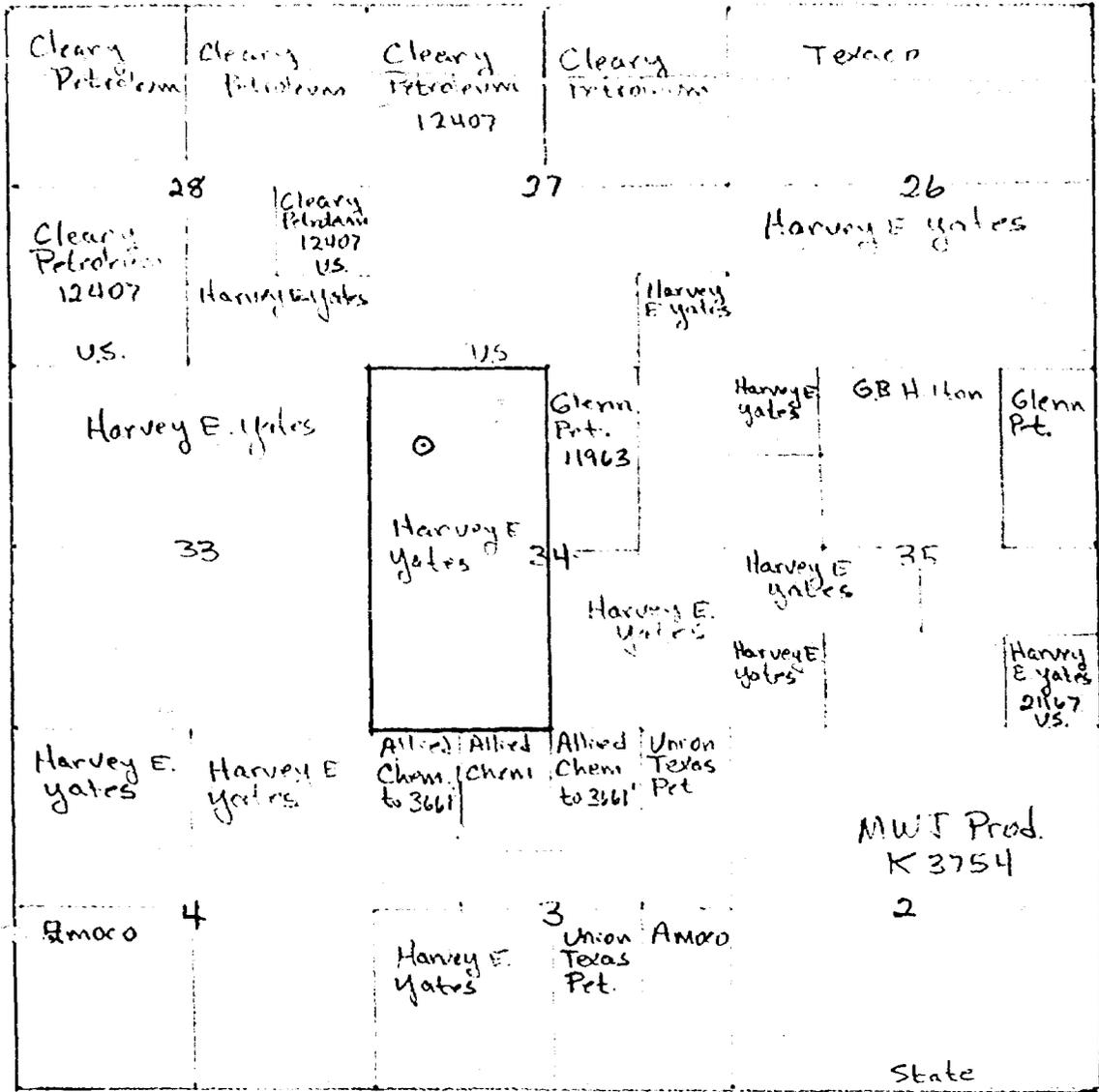
Robert H. Strand

RHS/jr
Attachment

cc: (Certified Mail)

Glenn Petroleum Corporation ✓
Cleary Petroleum Corporation ✓
Union Texas Petroleum
Allied Chemical Corporation ✓
Thelma Crosby
Amoco Production Company

R. 30 E



75.

85.

Pan American Crosby #1-J (Re-entry)

○ Unorthodox location 990' From North Line
660' from West Line

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 Pennsylvanian
for Henry E. Yates Company re-entered and drilled deeper
formation is hereby approved for a well to be located at a point 990
feet from the North line and 660 feet from the West
line of Section 34, Township 7 South, Range 30 East
NMPM, Cato Field Park, Chaves County,
New Mexico.

(2) That the W/2 of said Section 34 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.