

CASE 6284: HARVEY E. YATES COMPANY FOR  
AN UNORTHODOX GAS WELL LOCATION, EDDY  
COUNTY, NEW MEXICO

CASE NO.

6284

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6284  
Order No. R-5790

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 2, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of August, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Harvey E. Yates Company, seeks approval of an unorthodox gas well location for its Welch "A" Well No. 1 at a point 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.

(3) That the W/2 of said Section 9 is to be dedicated to the well.

(4) That said unorthodox location results from the re-entry and proposed deepening of an old well previously drilled to the Strawn formation.

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

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Case No. 6284  
Order No. R-5790

(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 formation is hereby approved for the Harvey E. Yates Company Welch "A" Well No. 1 located at a point 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

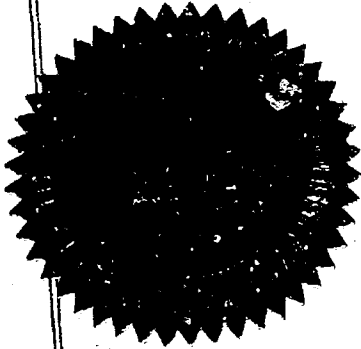
(2) That the W/2 of said Section 9 shall be dedicated to the above-described well.

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

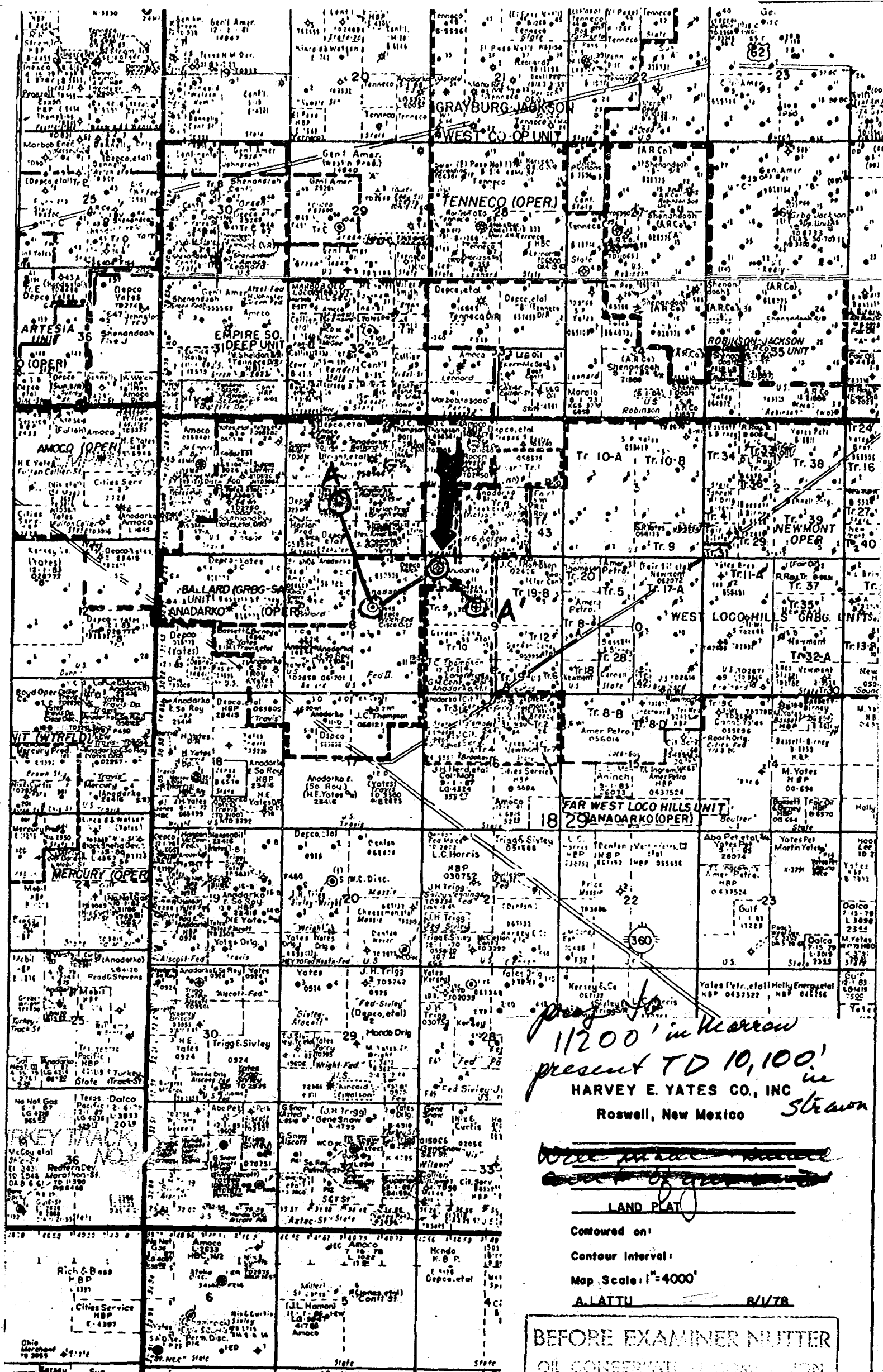
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director



dr/







STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
2 August 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Harvey E. Yates  
Company for an unorthodox gas  
well location, Eddy County, New  
Mexico.

)  
)  
)  
) CASE 6284  
)  
)  
)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Building  
Santa Fe, New Mexico 87501

For the Applicant:

Robert Strand, Esq.  
Roswell, New Mexico 88201

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road • Phone (505) 988-3404  
Santa Fe, New Mexico 87501



I N D E X

ANDREW LATTU

Direct Examination by Mr. Strand 3

E X H I B I T S

Applicant Exhibit One, Plat 9

Applicant Exhibit Two, Plat 9

Applicant Exhibit Three, Cross Section 9

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Santa Fe, New Mexico 87501

1 MR. NUTTER: Call next Case 6234.

2 MS. TESCHENDORF: Case 6284. Application of  
3 Harvey E. Yates Company for an unorthodox gas well location,  
4 Eddy County, New Mexico.

5 MR. STRAND: Mr. Examiner, my name is Robert  
6 Strand and I'm the attorney for Harvey E. Yates, the  
7 Applicant in this case. We have one witness, Mr. Andrew  
8 Lattu, who needs to be sworn.

9 MR. NUTTER: Where are you from, Mr. Strand?

10 MR. STRAND: Roswell.

11 MR. NUTTER: All right.

12 (Witness sworn.)

13

14

ANDREW LATTU

15 being called as a witness and having been duly sworn upon  
16 his oath, testified as follows, to-wit:

17

18

DIRECT EXAMINATION

19

BY MR. STRAND:

20 Q State your name, please.

21 A Andrew Lattu. I'm a geologist for Harvey E.  
22 Yates Company. I work out of Midland.

23 Q Mr. Lattu, have you testified before the  
24 Commission in the past?

25 A Yes, I have.

1 Q Are your qualifications a matter of record  
2 before this body?

3 A Yes, they are.

4 MR. STRAND: Are those qualifications ac-  
5 ceptable, Mr. Examiner?

6 MR. NUTTER: Yes, they are. Please proceed.

7 Q Mr. Lattu, would you explain briefly the pur-  
8 pose of the application of Harvey E. Yates Company in this  
9 case?

10 A We would like to re-enter and drill deeper  
11 the Defco No. 1-A Welch, which is in the northwest north-  
12 west of Section 9, Township 18 South, Range 29 East of  
13 Eddy County, New Mexico. The purpose of drilling deeper  
14 is to test the Upper and Lower Morrow Sands. The appro-  
15 ximate total depth will be 11,200 feet.

16 Q Where is the existing well located?

17 A Its location is 480 feet from the north line  
18 and 500 feet from the west line of Section 9.

19 Q In this application, Mr. Lattu, have we asked  
20 that the west half of Section 9 be dedicated to this well?

21 A We have.

22 Q And is the location of the well an unorthodox  
23 location under the rules of the Commission for that  
24 spacing?

25 A Yes, it is.

1 Q Mr. Lattu, have you prepared a series of ex-  
2 hibits for presentation to the Commission?

3 A Yes, I have.

4 Q Will you please explain briefly Exhibit One?

5 A Exhibit One is a land plat. The red arrow  
6 shows the location of the dry hole we propose to re-enter  
7 and drill deeper, and this shows the relation of the pro-  
8 posed test to surrounding acreage and production.

9 Q Would you please explain briefly Exhibit Two?

10 A Exhibit Two is a geologic structure map con-  
11 toured on the top of the Lower Morrow Sands. This shows  
12 essentially a southeast dip. It shows the proposed test  
13 is located structurally up-dip to two dry holes nearby.  
14 They are dry holes in the Morrow, and also shows the out-  
15 line of cross section AA prime, which is Exhibit Number  
16 Three.

17 Q Would you go ahead and explain Exhibit Number  
18 Three, also?

19 A Exhibit Three is a stratigraphic cross section,  
20 running essentially west to east. It shows the well we  
21 plan to re-enter as the third well on this cross section.  
22 The second well is located to the west, slightly to the  
23 southwest of this proposed re-entry. That well is the  
24 Defco No. 1 Welch Federal, which is located in Section 8  
25 of Township 18 South, Range 29 East. That well by both

1 logs and DST found no evidence of productive Morrow Sands  
2 in the Morrow section.

3 The next well, No. 4, on the other side of  
4 our proposed re-entry is the Defco No. 1 Loco Hills,  
5 which is also located in Section 9, Township 18 South,  
6 Range 29 East. This well shows some fairly thin sands  
7 by logs with porosity and some indication of permeability  
8 and low water saturation. A DST over the interval 10,770  
9 feet to 835 feet, had gas to surface in ten minutes at the  
10 rate of 92,432 cubic feet of gas per day, which decreased  
11 to 53,200 cubic foot of gas per day through one-quarter  
12 inch choke.

13 Recovery was 218 feet of gas-cut mud. Initial  
14 shut-in pressure was 4389 pounds after one hour, and a  
15 four-hour final shut-in pressure of 4569 pounds.

16 Another DST in the Lower Morrow section was  
17 open one hour and forty-five minutes, recovered 465 feet  
18 of drilling mud. The sample chamber recovered 10.29 cubic  
19 feet of gas and 700 cc of drilling fluid at a pressure of  
20 450 pounds.

21 One hour initial shut-in pressure was 6396  
22 pounds and a one hour final shut-in pressure was 6260  
23 pounds.

24 The pressures on these two DST's and an indi-  
25 cation of thin sands on logs indicated to me that this

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 Santa Fe

1 well is located very close to productive Morrow Sands.  
 2 No completion attempt was made on these sands by Defco on  
 3 this well.

4 I feel that by re-entering and drilling deeper  
 5 on the Defco No. 1-A Welch we have a good opportunity to  
 6 encounter productive Morrow Sands in the west half of  
 7 Section 9.

8 Q Mr. Lattu, how deep did Defco drill the original  
 9 well?

10 A It went to approximately 10,100 feet.

11 Q And we will be deepening it, then, another  
 12 1000 feet, approximately?

13 A About 1100 feet, yes.

14 Q 1100.

15 MR. NUTTER: Mr. Lattu, while we're on this  
 16 exhibit, the second well here is listed with a potential  
 17 of 449 barrels of oil per day. What formation is that  
 18 from, the Strawn or Wolfcamp, or what?

19 A Well, by my correlations I'd carry it in the --  
 20 it's listed as a Cisco producing well. I'm trying to see  
 21 my perforations on here.

22 Yes, it was completed in the Cisco.

23 MR. NUTTER: They had a drill stem test there  
 24 where they recovered 25 feet of oil and a sampler recovered  
 25 600 cc of oil.

1 A. Yes.

2 MR. NUTTER: And then another DST in the  
3 Lower Cisco that made a small amount of oil, but they  
4 did potential it for 449 barrels.

5 A. Yes, they did, and it is still producing.  
6 It's right there at the top the two DST's somewhat over-  
7 lap. The first one being the smaller of the two.

8 MR. NUTTER: Uh-huh. And then the third well  
9 on here is the well you're planning to re-enter.

10 A. Yes.

11 MR. NUTTER: So it was drilled into the Strawn  
12 formation but just never was taken down to the Morrow.

13 A. That's correct. It just penetrated the very  
14 top of the Strawn.

15 MR. NUTTER: What is the TD on the well?

16 A. 10,100 feet.

17 MR. NUTTER: 10,100?

18 A. Yes.

19 MR. NUTTER: So you've only got 1100 feet to  
20 go to deepen to the Morrow.

21 A. Yes, that's correct.

22 MR. NUTTER: Okay. Thank you.

23 Q (Mr. Strand continuing.) Mr. Lattu, will the  
24 approval of this application for Harvey E. Yates Company  
25 give them the opportunity to produce its just and equitable

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1 share of gas?

2 A. Yes, it would.

3 Q. Will it also prevent the economic loss and  
4 increased risk that would be encountered in drilling a new  
5 well at a standard location?

6 A. Yes, it would.

7 Q. Will it otherwise prevent waste and protect  
8 correlative rights?

9 A. Yes, it would.

10 MR. STRAND: That's all I have, Mr. Examiner.

11 MR. NUTTER: All right.

12 MR. STRAND: I would ask that the three ex-  
13 hibits be admitted into evidence.

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

16 Are there any further questions of Mr. Lattu?  
17 He may be excused.

18 Do you have anything further in this case, Mr.  
19 Strand?

20 MR. STRAND: No, Mr. Examiner.

21 MR. NUTTER: Does anyone have anything they  
22 wish to offer in Case Number 6284?

23 We'll take the case under advisement.

24 (Hearing concluded.)  
25

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
 CERTIFY that the foregoing and attached Transcript of  
 Hearing before the Oil Conservation Division was reported  
 by me; that said transcript is a full, true, and correct  
 record of the hearing, prepared by me to the best of my  
 ability, knowledge, and skill from my notes taken at the  
 time of the hearing.

*Sally Walton Boyd CSR*  
 Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. *6284*  
 heard by me on *Aug 27*, 19*78*.

*Chen*, Examiner  
 New Mexico Oil Conservation Commission

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**HEYCO**

PETROLEUM PRODUCERS



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

SUITE 1000 SECURITY NATIONAL BANK BUILDING

Mailing Address: P. O. Box 1933

ROSWELL, NEW MEXICO 88201

June 30, 1978

Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: T-18S, R-29E  
Section 9: W/2  
Eddy County, New Mexico

Gentlemen:

We are enclosing three copies of an Application for Unorthodox Location to be filed, and request that you set a time for examiner hearing.

We appreciate your attention to this matter.

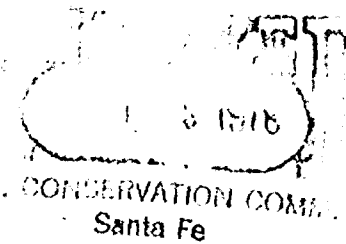
Sincerely,

A handwritten signature in cursive script that reads "Joan Roberts".

Joan Roberts  
Land Department

JR/me  
Enclosure

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION OF  
HARVEY E. YATES COMPANY  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

CASE NO. 6284

APPLICATION

COMES NOW HARVEY E. YATES COMPANY by its attorney and respectfully states:

1. Applicant is the operator of the Morrow formation underlying:

Township 18 South, Range 29 East, N.M.P.M.

Section 9: W/2

2. Applicant proposes to reenter the abandoned Depco #1 Welch "A" Well located 480 feet from the north line and 500 feet from the west line of said Section 9, and deepen the same to a depth sufficient to adequately test the Morrow formation which is reasonably expected to be productive of gas.

3. Applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit reentry and deepening of said well to the Morrow formation at the above described unorthodox location.

4. A standard 320 acre gas proration unit comprising the west one-half of said Section 9 should be dedicated to such well.

5. 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 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 Division enter its order granting applicant permission to reenter and deepen said well located 480 feet from the north line and 500 feet from the west line of said Section 9 and to dedicate the W/2 of Section 9 to said well.

For such further relief as the Division deems just and proper.

HARVEY E. YATES COMPANY

By: 

Robert H. Strand

P. O. Box 1933  
Roswell, New Mexico 88201

Attorney for Applicant

Dockets Nos. 25-78 and 26-78 are tentatively set for hearing on August 16 and 30, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 2, 1978

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

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

CASE 6239: (Continued from June 21, 1978, Examiner Hearing)

Application of Barber Oil, Inc., for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Saladar Unit Area comprising 240 acres, more or less, of Federal and fee lands in Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 6226: (Continued from June 21, 1978, Examiner Hearing)

Application of Barber Oil, Inc., for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Saladar Unit, by the injection of water into the Yates formation through five wells located in Units K, L, N and O of Section 33, Township 20 South, Range 28 East, Saladar-Yates Pool, Eddy County, New Mexico.

CASE 6283: Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6276: (Continued from July 19, 1978, Examiner Hearing)

Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Chris Well No. 4 to be drilled 1902 feet from the South line and 1650 feet from the East line of Section 9, Township 27 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.

Applicant further seeks authority to commingle Blanco Mesaverde and Gavilan-Pictured Cliffs production in the wellbore of said well.

CASE 6277: (Continued from July 19, 1978, Examiner Hearing)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan Pictured Cliffs and Blanco Mesaverde production in the wellbores of his Chris Wells Nos. 3 and 3A, located in Units H and I of Section 21, Township 27 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 6279: (Continued from July 19, 1978, Examiner Hearing)

Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, 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 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 6284:

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Welch "A" Well No. 1 located 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, Eddy County, New Mexico, the W/2 of said Section 9 to be dedicated to the well.

CASE 6285:

Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Atoka and Permo-Penn gas production in the wellbore of its Federal "HQ" Well No. 1 located in Unit O of Section 5, Township 21 South, Range 22 East, Little Box Canyon Field, Eddy County, New Mexico.

CASE 6241: (Continued from July 19, 1978, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Atoka-Morrow gas production in the wellbore of its Powell DG Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6284

ORDER NO. R- 5790

APPLICATION OF HARVEY E. YATES COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 2,  
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of August, 1978, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

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

(2) That the applicant, Harvey E. Yates Company,  
for its Welch "A" Well No. 1 ~~located at a point~~  
seeks approval of an unorthodox gas well location/ 480

feet from the North line and 500 feet from the

West line of Section 9, Township 18 South

Range 29 East, NMPM, to test the Marrow

formation,        Pool, Eddy

County, New Mexico.

(3) That the W/2 of said Section 9 is to be  
dedicated to the well.

(4) That ~~a well at said unorthodox location will better~~  
~~proposed deepening of an old well previously drilled to the Strawn~~  
~~enable applicant to produce the gas underlying the proration unit~~  
~~formation.~~

(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 Marrow  
the Harvey E. Yates Company Welch "A" Well No. 1  
formation is hereby approved for ~~xxxxxxx~~ located at a point 480  
feet from the North line and 500 feet from the West  
line of Section 9, Township 18 South, Range 29 East  
NMPM, \_\_\_\_\_ ~~Pool~~, Eddy County,  
New Mexico.

(2) That the W/2 of said Section 9 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 Division may deem necessary.

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