

CASE 6295: YATES PETROLEUM CORPORATION
FOR SPECIAL POOL RULES, LEA COUNTY, NEW
MEXICO

CASE NO.

6295

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. 6295
Order No. R-5793

APPLICATION OF YATES PETROLEUM
CORPORATION FOR SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 16, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

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, Yates Petroleum Corporation, seeks the promulgation of special pool rules for the Austin-Mississippian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres.

(3) That in the alternative, the applicant seeks to limit the 160-acre spacing rules of said Austin-Mississippian Gas Pool to the present horizontal limits of the pool.

(4) That said Austin-Mississippian Gas Pool was created and designated by the Commission by Order No. R-1129, effective February 20, 1958.

(5) That by Commission Order No. R-2707, dated May 25, 1964, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of Pennsylvanian age

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or older in Southeast New Mexico which were created and defined June 1, 1964, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico,... "a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(6) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Austin-Mississippian Gas Pool in Lea County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-2707, because it was created and defined prior to the cut-off date of June 1, 1964.

(7) That one well in the Austin-Mississippian Gas Pool in Lea County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Pennsylvanian age or older will not cause waste nor violate correlative rights, and should be approved.

(8) That to protect the rights of interest owners in the original well within said Austin-Mississippian Gas Pool, said well should be granted an exception to the well location requirements for the pool, and a non-standard 160-acre gas well spacing and proration unit for said well should be approved.

(9) That approval of this application for special pool rules subject to the provisions of Finding (8) above will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective September 1, 1978, each well completed or recompleted in the Austin-Mississippian Gas Pool or in the Mississippian formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

PROVIDED HOWEVER; that a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 17, Township 14 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby approved and dedicated to the Phillips Petroleum Company Austin Com Well No. 1, located in Unit L of said Section 17.

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IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Austin-Mississippian Gas Pool or in the Mississippian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well by November 1, 1978.

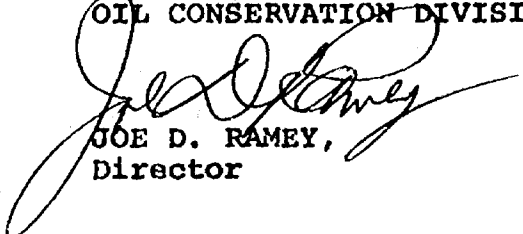
(2) That except as provided above and pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Austin-Mississippian Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Division Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

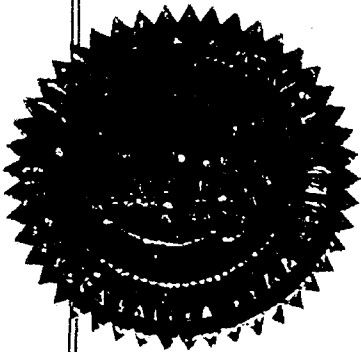
Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(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/



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 25, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. A. J. Losee
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 6295
ORDER NO. R-5793

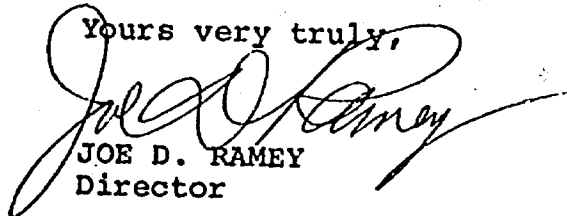
Applicant:

Yates Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Robert Strand

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CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road - Phone (505) 888-3404
Santa Fe, New Mexico 87501

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corporation for special pool rules,
Lea County, New Mexico.

CASE
6295

BEFORE: Richard L. Stamets

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 Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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

and

Robert Strand, Esq.
Roswell, New Mexico

I N D E X

DAVID HARLEY

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PEYTON YATES

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 688-3404
Santa Fe, New Mexico 87501

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

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

1 MR. STAMETS: Call next Case 6295.

2 MS. TESCHENDORF: Case 6295. Application of
3 Yates Petroleum Corporation, for special pool rules, Lea
4 County, New Mexico.

5 MR. LOSEE: A. J. Losee, Losee, Carson, and
6 Dickerson, Artesia, appearing on behalf of the applicant.
7 I have two witnesses to be sworn.

8 (Witnesses sworn.)

9 MR. STAMETS: Are there other appearances in this
10 case?

11 MR. STRAND: Yes, Mr. Examiner. I'm Robert
12 Strand, attorney for Harvey E. Yates Company, appearing in
13 support of the application.

14 MR. STAMETS: Thank you.

15
16 DAVID HARLEY

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

19
20 DIRECT EXAMINATION

21 BY MR. LOSEE:

22 Q Will you state your name, please?

23 A David Harley.

24 Q Where do you live and what is your occupation?

25 A I live in Artesia, New Mexico, and my occupation

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Santa Fe, New Mexico 87501

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1 is a geologist for Yates Petroleum Corporation.

2 Q You have not testified before this Commission
3 before, have you?

4 A No.

5 Q What universities did you attend and what de-
6 grees did you obtain?

7 A I attended Oregon State University and obtained
8 a Bachelor of Science degree in geology and a Master of
9 Science degree in geology.

10 Q What year did you obtain your Bachelor of
11 Science?

12 A In 1966 and my Master's degree I obtained in
13 1974.

14 Q Since obtaining your Master's what has been
15 your employment?

16 A I worked for Tenneco Oil Company for three years
17 in Bakersfield, California. For two of those three years,
18 and for one year in the Gulf Coast region.

19 Q After leaving Tenneco where did you go for em-
20 ployment?

21 A Okay. In April of 1977 I was employed by Yates
22 Petroleum Corporation and am presently employed by them.

23 Q Have you been working since April of '77 in the
24 Pennsylvanian-Mississippian area in southeast New Mexico?

25 A Yes.

1 MR. LOSEE: Are Mr. Harvey's qualifications
2 acceptable, Mr. Examiner?

3 MR. STAMETS: Mr. Harley, in the three years
4 with Tenneco, your duties were as a geologist?

5 A. As an exploration geologist.

6 MR. STAMETS: Yes, the witness is considered
7 qualified.

8 Q (Mr. Losee continuing.) Would you state the
9 purpose of this application in Case Number 6295?

10 A. In this case Yates Petroleum Corporation re-
11 quests approval of a change from 160-acre spacing to 320-
12 acres for the Austin-Mississippian Pool, or that in the
13 alternative, a non-standard pool be formed in which the --
14 160 acres presently designated for the Phillips Austin No.
15 1 be retained and 320-acre spacing be provided for subse-
16 quent wells in the pool.

17 Q Now, this Austin-Mississippian -- or this
18 Phillips Austin No. 1 Well was drilled prior to statewide
19 320 spacing for the Pennsylvanian or older formations, was
20 it not?

21 A. Yes, in approximately 1966.

22 Q I'll hand you what has been marked as Exhibit
23 One and ask you to explain what is portrayed by this ex-
24 hibit.

25 A. Exhibit One is a land plat which shows the --

1 MR. STAMETS: Do we have a copy of that up here?

2 MR. LOSEE: Yes.

3 MR. STAMETS: Oh, okay, I see it.

4 Q Go ahead.

5 A This land plat shows the working interest unit
6 outlined in red that was formed prior to the drilling of
7 the Adobe State 1-16. This working interest unit on the
8 original test well, the primary ownership involved here was
9 the Adobe Oil and Gas Corporation and related companies.

10 Before payout was 32.136 percent and after payout
11 28.097 percent.

12 Yates Petroleum Corporation and related com-
13 panies, 42.348 percent before payout and after payout 37.028
14 percent, and the Harvey E. Yates Company, 21.257 percent
15 before payout and 18.586 percent after payout.

16 Q So that actually Yates Petroleum Corporation
17 has a larger interest in this well and working interest
18 unit than Adobe and its related companies?

19 A Yes, sir.

20 This plat also shows the location of the two
21 gas wells that are presently --- that will produce from the
22 Austin formation and they are marked in red. This plat
23 also shows the operators and wells within a two-mile radius
24 of the two producers.

25 Q Who is operator of that working interest unit?

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1 A. Adobe is.

2 Q. Please turn to what has been marked as Exhibit
3 Two and explain what is shown -- reflected by this exhibit.

4 A. All right. This is a plat showing the wells in
5 Township 15 South, Range 36 East, of Lea County. This plat
6 shows the wells that have penetrated the Austin formation.
7 It also shows the lines of intersection -- excuse me, the
8 lines of cross sections that have been constructed for this
9 examination.

10 The two producers from the Austin formation are
11 in Section 16 and 17.

12 Q. Now, the well that's in 17 was the well that's
13 been producing for a good many years, has it not?

14 A. Yes, this is the Phillips Petroleum Austin No.
15 1.

16 Q. And the well in 16, which is the Adobe State
17 1-16, was just recently completed? Or is in the process of
18 being completed?

19 A. Yes, sir.

20 Q. Please turn to what has been marked as Exhibit
21 Three and explain to the Examiner what is portrayed by this
22 exhibit.

23 A. This is a west to east cross section as shown
24 on Exhibit Two, and this cross section is for the purpose
25 of showing the correlation of the pay zones in the Adobe

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Santa Fe, New Mexico 87501

1 State 1-16 and the Phillips Austin No. 1.

2 This exhibit also shows the structural relation-
3 ship of these two wells to surrounding wells, showing that
4 they are structurally high to surrounding wells.

5 This exhibit also shows that in both wells the
6 pay zone is a porous oolitic limestone, and these three
7 factors as shown on this exhibit, portray a continuity of
8 the pay zone from the Adobe State No. 1-16 to the Phillips
9 Austin No. 1.

10 Q Does your exhibit also have the drill stem test
11 that was run on the -- taken on the Phillips well?

12 A No, we do not have listed the drill stem test.
13 We do have the perforations as shown on the cross section
14 of both of the wells in the Austin formation, Phillips and
15 the Adobe well.

16 We have a drill stem test on the Cherry Brothers
17 and Cabot Corporation Austin State No. 1 Well, which is to
18 the west of the Phillips well.

19 Q Now, the Cherry Brothers and the Zapata Petro-
20 leum Corporation wells were both dry in this zone?

21 A Yes.

22 Q Were Exhibits One through Three prepared by you
23 or under your direction?

24 A Yes, they were.

25 MR. LOSEE: I move the introduction of Exhibits

1 One through Three.

2 MR. STAMETS: These exhibits will be admitted.

3 MR. LOSEE: That's all the questions that I
4 have on direct, Mr. Examiner.

5

6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q Mr. Harley, is there any -- let me preface my
9 question by saying this: There are very, very few Mississ-
10 ippian pools in the state. Is there any doubt that this is
11 Mississippian formation?

12 A. I have no doubt.

13 Q Okay, that's --

14 A. There are others that disagree with me on it.

15 Q That's a sufficient answer in this case. Cer-
16 tainly the cross section appears to be a Mississippian type
17 limestone, especially in the Adobe well.

18 MR. STAMETS: Any other questions of this wit-
19 ness?

20 MR. LOSEE: I have a couple others that may
21 help the examiner. Your question reminded me of it.

22

23 REDIRECT EXAMINATION

24 BY MR. LOSEE:

25 Q There are how many other fields that you've

1 found in southeastern New Mexico in the Mississippian lime?

2 A. Well, on brief recognizance of the different
3 Mississippian gas pools, I found two in Chaves --- well, one
4 in Chaves County and one in Roosevelt County. The White
5 Ranch Mississippian Gas Field was formed in 1977 when Tom
6 L. Ingram well was recompleted from a Devonian to Mississ-
7 ippian formation, and it was granted 320-acre spacing on
8 statewide rules.

9 In Roosevelt County the Denton Camp Mississippian
10 Pool was formed in the 1973 and --- approximately in 1973 ---
11 and was also completed in the Mississippian formation.

12 Q. The spacing for that field is 320 acres.

13 A. Yes, sir.

14 Q. And there's two wells in the White Ranch?

15 A. Yes.

16 Q. One well in the Denton Camp?

17 A. Yes.

18 MR. LOSEE: I think that's all.

19 MR. STAMETS: Any other questions of the wit-
20 ness? He may be excused.

21

22

PEYTON YATES

23

being called as a witness and having been duly sworn upon

24

his oath, testified as follows, to-wit:

25

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

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name, residence, and occupation.

A My name is Peyton Yates. I live in Artesia, New Mexico, and I'm a petroleum engineer.

Q You've previously testified before this Commission and had your qualifications made part of the record?

A Yes, sir.

MR. LOSEE: Are Mr. Yates qualifications acceptable, Mr. Examiner?

MR. STAMETS: They are.

Q (Mr. Losee continuing.) Would you please refer to what has been marked as Exhibit Two and Exhibit Three, and explain from an engineering standpoint the relevancy of these exhibits to this application?

A Okay. I wish to discuss the two completed wells in the Austin-Mississippian interval in this township, namesly, the Phillips Petroleum No. 1 Austin, located in the southwest quarter of Section 17, Township 14 South, Range 36 East, and the Adobe State 1-16, located in the southwest quarter of Section 16, Township 14 South, Range 36 East.

These wells are shown on the plat in Exhibit Two and are approximately one mile apart.

1 The Phillips well was completed in July of 1957.
2 Well card information indicates the original bottom hole
3 pressure by drill stem test to be 5315 pounds per square
4 inch.

5 The drill stem test was taken over the test
6 interval 13,195 to 13,305, which covered the Austin-Mississ-
7 ippian interval, which is from 13,270 to 86. Excuse me,
8 that must be a larger interval than that. I think those
9 were some perforations rather than the entire Austin inter-
10 val.

11 The data reported on the card as being from
12 a seventeen minute shutin after a two and one-half hour
13 flow period during which the well unloaded a 4900 foot
14 water blanket and flowed 1-1/2 million cubic feet per day.

15 I've also found in the state well files that
16 at the time that Phillips completed the well, they reported
17 a tubing pressure of 4400 pounds. This was also in 1957.

18 In January of 1962 the Phillips well in Section
19 17 went on stream and as of April the 1st, 1977, had pro-
20 duced 4-billion .779 million cubic feet of gas -- or excuse
21 me, let's make that 4-billion .061779 cubic feet of gas
22 and 57,516 barrels of oil.

23 The average production rate of the month of
24 March was -- of this year, was 444 Mcf per day.

25 The Adobe well in Section 16 was completed in --

1 on April the 29th of 1978. A drill stem test was run on
2 March the 28th of 1978 across the interval 13,186 to 13,310,
3 which includes the Austin-Mississippian porosity interval
4 from 13,199 to 13,261.

5 The final shutin pressure on the drill stem
6 test was 4,843 pounds per square inch, which is 472 pounds
7 per square inch lower than the drill stem test bottom hole
8 pressure on the Phillips well.

9 The drill stem test final build-up extrapolates,
10 when plotted on a T or a Horner-type plot, extrapolates to
11 4,925 pounds per square inch, or 390 pounds per square inch
12 lower than the original bottom hole pressure on the Phillips
13 No. 1 Austin Well as determined from the seventeen minute
14 shutin.

15 I could not find any data with which to extra-
16 polate the Austin -- the Phillips well, if it indeed could
17 be extrapolated.

18 The Adobe well was completed for a calculated
19 open -- absolute open flow of 2704 Mcf per day. After
20 testing the Adobe well for the four-point test, the well
21 was shut in; from April the 29th, 1978, until July the 28th,
22 1978, the shut in bottom hole pressure climbed from an
23 36 hour shutin bottom hole pressure of 4,176 to a 2,160
24 hour shutin bottom hole pressure of 4,724 pounds, both
25 measured at a depth of 13,230 feet.

1 Surface pressures, as reported to us by the
2 operator, had changed less than 100 psi since May the 22nd,
3 from May the 22nd, that is, until July the 28th. Therefore
4 the well is apparently near stabilizing its pressure.

5 The 4,724 pounds per square inch reading after
6 2,000 hours of shutin is 591 pounds per square inch less
7 than the original bottom hole pressure as taken from the
8 DST on the Phillips well.

9 If we compare shutin tubing pressures, we will
10 find that even greater difference in pressure between the
11 Phillips well and the Austin well. The shutin tubing
12 pressure as reported in 1957 on the Phillips well was
13 4400 pounds per square inch. The Adobe well shutin tubing
14 pressure also was taken on July the 28th, 1978, after a
15 2,160 hour shutin, was 3,221 pounds.

16 The difference is 1279 pounds per square inch.
17 If the tubing pressure on the Phillips well is indeed
18 correct, it would probably indicate that the drill stem
19 test pressure on the Phillips well, which was 5,315 pounds,
20 was probably a low pressure and would have built up to
21 a high pressure had the well been shutin longer.

22 It should be noted that the Adobe well was
23 only 33 feet structurally low to the Phillips well. The
24 Adobe well has approximately 40 feet of pay and the Phillips
25 well, 61 feet of pay, using a 4 percent porosity cutoff.

1 On August the 8th, which was just last week,
2 the Adobe well was given a 40,000 gallon acid treatment.
3 The latest reports as of this morning show the well to be
4 flowing from 1500 to 2000 Mcf per day at from 1750 to 2600
5 pounds flowing tubing pressure.

6 It should also be noted that the Phillips well
7 initially went on stream at approximately 1500 Mcf per day.
8 We have no record of what its flowing tubing pressure was.

9 Q. Mr. Yates, do you arrive at some conclusion
10 with respect to this pressure data?

11 A. Yes. When we take into consideration geologic
12 correlation that has been presented at this hearing today,
13 the similarity in the type rocks, as reported in sample
14 reports, we feel that there is very little doubt at this
15 point that the two wells are completed in the same reservoir,
16 and that it is very likely that they are in communication
17 with -- one with another. The important thing, we think,
18 relative to this hearing is that the original bottom hole
19 pressure on the Adobe well has been reduced by production
20 of the Phillips well, which is approximately one mile away.
21 This reduction in pressure we believe to be a minimum 390
22 pounds per square inch and as much as over a -- a figure
23 over 1200 pounds per square inch.

24 This indicates that the production from the
25 Phillips well is draining effectively a distance of at least

1 5,280 feet.

2 For this reason we are convinced 320-acre
3 spacing, which is the standard gas well spacing to the depth
4 and formation should be applied to this reservoir.

5 Q Do you believe that 320-acre spacing for this
6 reservoir will protect the correlative rights and prevent
7 waste?

8 A Yes.

9 Q Now, Mr. Yates, the application of your company
10 is for alternative relief, one of which requests that the
11 whole pool be spaced on 320-acre spacing, and the other
12 is that the 160-acre spacing be continued for the original
13 well located in the southwest quarter of Section 17.

14 Would you discuss for the Examiner the possible problem
15 encountered if the whole -- the original pool were changed
16 to 320-acre spacing?

17 A Yes, sir. Could I see the land plat, please?

18 We recognize the difficulty that attempting
19 to change the spacing on the pool, existing pool, from
20 160 acres to 320 acres puts the -- difficulty that arises
21 for the Commission in trying to protect correlative rights
22 with respect to the existing, the already existing and
23 producing well.

24 We feel very positive that it is necessary to
25 go to 320-acre spacing for the remaining wells if at all

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road • Phone (505) 268-3404
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 888-3404
Santa Fe, New Mexico 87501

1 possible in this particular reservoir for the reasons that
2 we have stated.

3 We do however recognize that it may be necessary
4 for the Commission to maintain a nonstandard location at
5 the very least for the Phillips well to maintain its present
6 160-acre spacing, and possibly permit in the northwest
7 quarter of Section 17 a nonstandard well to be drilled in
8 order for those parties to protect their correlative rights.
9 Yates would have no objection to a nonstandard well being
10 drilled in that particular northwest quarter in Section 17.

11 We would attempt and would encourage the operator
12 of the existing unit to unitize the east half of Section 17
13 to drill a well on 320-acre spacing, if that were so ap-
14 proved by the Commission.

15 MR. LOSEE: I have no further questions of the
16 witness.

17
18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Yates, have you had any direct contact with
21 Phillips Petroleum on this application?

22 A No, sir.

23 Q They have not indicated any desire one way or
24 the other, what they'd like to have, whether they'd like
25 to have your direct application or your alternative approved?

1 A. No, sir, we --- I have not talked with them.

2 Q. It doesn't appear as though Phillips is repre-
3 sented here today.

4 MR. STAMETS: Any other questions of this wit-
5 ness?

6 He may be excused.

7 MR. LOSEE: Mr. Examiner, I'd like to explain
8 that a little bit. From Yates Petroleum's standpoint we
9 have no preference as to either request for relief, either
10 to shrink it to the 160 or put the original pool on 320's.
11 I do envision a problem on a well that's been drilled and
12 put on production in 1964 with 4-billion cubic feet having
13 been produced from it, to put it on 320. Whether Southern
14 Union that happens to have the northwest quarter in that
15 section gets hauled into the unit and how they adjust cost
16 among themselves, and as a result I think it would behoove
17 the Commission to really consider our alternative relief.

18 That's the only statement I have.

19 MR. STAMETS: Would it appear within the call
20 of the hearing to grant the relief administratively upon
21 an application by the original operator, Phillips?

22 MR. LOSEE: To do what, now?

23 MR. STAMETS: Provide Phillips Petroleum the
24 opportunity to decide whether they wanted 320 or 160 and
25 upon their application we could limit the old pool rules

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 388-3404
Santa Fe, New Mexico 87501

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road - Phone (505) 988-3104
Santa Fe, New Mexico 87501

1 to the 160 that they're on or have the new pool rules ef-
2 fective.

3 MR. LOSEE: I don't, frankly, I don't think we've
4 said anything about administrative, and I can't envision
5 Phillips wanting to get in an argument with Southern Union
6 as to reimbursement of costs of a well that's been on since
7 '64 and produced 4-billion cubic feet of gas.

8 From Yates' standpoint if you approve the alter-
9 native relief and put it on the 160, the original pool, ob-
10 viously there has to be a nonstandard unit and we will not
11 object if Southern Union or anyone else proposes to drill
12 a well up in the northwest quarter. We can't speak for
13 Adobe, of course. Maybe Mr. Strand, who's here with Harvey
14 Yates Company, can speak for them.

15 But I just think from a practical standpoint
16 that that would cause less problems with everybody.

17 MR. STAMETS: Okay.

18 MR. LOSEE: For what that may be worth.

19 MR. STAMETS: Is there anything further in this
20 case?

21 MR. STRAND: Mr. Examiner, on behalf of Harvey
22 E. Yates Company, we would support either alternative. As
23 Mr. Harley stated, we own a substantial interest in the unit
24 area and fully concur with the application and could go with
25 either alternative on it.

1 MR. STAMETS: Anything further in this case?

2 MR. LOSEE: I have nothing further.

3 MR. STAMETS: The case will be taken under
4 advisement. Do you have an extra set of the exhibits?

5 MR. LOSEE: Yes.

6 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

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 the 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. 6295 heard by me on 8-16-1978.
Richard R. Hunt, Examiner
New Mexico Oil Conservation Commission

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum
Corporation for special pool rules,
Lea County, New Mexico.

CASE
6295

BEFORE: Richard L. Stamets

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 Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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

and

Robert Strand, Esq.
Roswell, New Mexico

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 968-4404
Santa Fe, New Mexico 87501

I N D E X

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DAVID HARLEY

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PEYTON YATES

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1 MR. STAMETS: Call next Case 6295.

2 MS. TESCHENDORF: Case 6295. Application of
3 Yates Petroleum Corporation, for special pool rules, Lea
4 County, New Mexico.

5 MR. LOSEE: A. J. Losee, Losee, Carson, and
6 Dickerson, Artesia, appearing on behalf of the applicant.
7 I have two witnesses to be sworn.

8 (Witnesses sworn.)

9 MR. STAMETS: Are there other appearances in this
10 case?

11 MR. STRAND: Yes, Mr. Examiner. I'm Robert
12 Strand, attorney for Harvey E. Yates Company, appearing in
13 support of the application.

14 MR. STAMETS: Thank you.

15
16 DAVID HARLEY

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

19
20 DIRECT EXAMINATION

21 BY MR. LOSEE:

22 Q Will you state your name, please?

23 A David Harley.

24 Q Where do you live and what is your occupation?

25 A I live in Artesia, New Mexico, and my occupation

1 is a geologist for Yates Petroleum Corporation.

2 Q You have not testified before this Commission
3 before, have you?

4 A No.

5 Q What universities did you attend and what de-
6 grees did you obtain?

7 A I attended Oregon State University and obtained
8 a Bachelor of Science degree in geology and a Master of
9 Science degree in geology.

10 Q What year did you obtain your Bachelor of
11 Science?

12 A In 1966 and my Master's degree I obtained in
13 1974.

14 Q Since obtaining your Master's what has been
15 your employment?

16 A I worked for Tenneco Oil Company for three years
17 in Bakersfield, California. For two of those three years,
18 and for one year in the Gulf Coast region.

19 Q After leaving Tenneco where did you go for em-
20 ployment?

21 A Okay. In April of 1977 I was employed by Yates
22 Petroleum Corporation and am presently employed by them.

23 Q Have you been working since April of '77 in the
24 Pennsylvanian-Mississippian area in southeast New Mexico?

25 A Yes.

1 MR. LOSEE: Are Mr. Harvey's qualifications
2 acceptable, Mr. Examiner?

3 MR. STAMETS: Mr. Harley, in the three years
4 with Tenneco, your duties were as a geologist?

5 A As an exploration geologist.

6 MR. STAMETS: Yes, the witness is considered
7 qualified.

8 Q (Mr. Losee continuing.) Would you state the
9 purpose of this application in Case Number 6295?

10 A In this case Yates Petroleum Corporation re-
11 quests approval of a change from 160-acre spacing to 320-
12 acres for the Austin-Mississippian Pool, or that in the
13 alternative, a non-standard pool be formed in which the --
14 160 acres presently designated for the Phillips Austin No.
15 1 be retained and 320-acre spacing be provided for subse-
16 quent wells in the pool.

17 Q Now, this Austin-Mississippian -- or this
18 Phillips Austin No. 1 Well was drilled prior to statewide
19 320 spacing for the Pennsylvanian or older formations, was
20 it not?

21 A Yes, in approximately 1966.

22 Q I'll hand you what has been marked as Exhibit
23 One and ask you to explain what is portrayed by this ex-
24 hibit.

25 A Exhibit One is a land plat which shows the --

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CERTIFIED SHORTHAND REPORTER
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1 MR. STAMETS: Do we have a copy of that up here?

2 MR. LOSEE: Yes.

3 MR. STAMETS: Oh, okay, I see it.

4 Q Go ahead.

5 A This land plat shows the working interest unit
6 outlined in red that was formed prior to the drilling of
7 the Adobe State 1-16. This working interest unit on the
8 original test well, the primary ownership involved here was
9 the Adobe Oil and Gas Corporation and related companies.

10 Before payout was 32.136 percent and after payout
11 28.097 percent.

12 Yates Petroleum Corporation and related com-
13 panies, 42.348 percent before payout and after payout 37.028
14 percent, and the Harvey E. Yates Company, 21.257 percent
15 before payout and 18.586 percent after payout.

16 Q So that actually Yates Petroleum Corporation
17 has a larger interest in this well and working interest
18 unit than Adobe and its related companies?

19 A Yes, sir.

20 This plat also shows the location of the two
21 gas wells that are presently -- that will produce from the
22 Austin formation and they are marked in red. This plat
23 also shows the operators and wells within a two-mile radius
24 of the two producers.

25 Q Who is operator of that working interest unit?

1 A Adobe is.

2 Q Please turn to what has been marked as Exhibit
3 Two and explain what is shown -- reflected by this exhibit.

4 A All right. This is a plat showing the wells in
5 Township 15 South, Range 36 East, of Lea County. This plat
6 shows the wells that have penetrated the Austin formation.
7 It also shows the lines of intersection -- excuse me, the
8 lines of cross sections that have been constructed for this
9 examination.

10 The two producers from the Austin formation are
11 in Section 16 and 17.

12 Q Now, the well that's in 17 was the well that's
13 been producing for a good many years, has it not?

14 A Yes, this is the Phillips Petroleum Austin No.
15 1.

16 Q And the well in 16, which is the Adobe State
17 1-16, was just recently completed? Or is in the process of
18 being completed?

19 A Yes, sir.

20 Q Please turn to what has been marked as Exhibit
21 Three and explain to the Examiner what is portrayed by this
22 exhibit.

23 A This is a west to east cross section as shown
24 on Exhibit Two, and this cross section is for the purpose
25 of showing the correlation of the pay zones in the Adobe

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1 State 1-16 and the Phillips Austin No. 1.

2 This exhibit also shows the structural relation-
3 ship of these two wells to surrounding wells, showing that
4 they are structurally high to surrounding wells.

5 This exhibit also shows that in both wells the
6 pay zone is a porous oolitic limestone, and these three
7 factors as shown on this exhibit, portray a continuity of
8 the pay zone from the Adobe State No. 1-16 to the Phillips
9 Austin No. 1.

10 Q Does your exhibit also have the drill stem test
11 that was run on the -- taken on the Phillips well?

12 A No, we do not have listed the drill stem test.
13 We do have the perforations as shown on the cross section
14 of both of the wells in the Austin formation, Phillips and
15 the Adobe well.

16 We have a drill stem test on the Cherry Brothers
17 and Cabot Corporation Austin State No. 1 Well, which is to
18 the west of the Phillips well.

19 Q Now, the Cherry Brothers and the Zapata Petro-
20 leum Corporation wells were both dry in this zone?

21 A Yes.

22 Q Were Exhibits One through Three prepared by you
23 or under your direction?

24 A Yes, they were.

25 MR. LOSEE: I move the introduction of Exhibits

1 One through Three.

2 MR. STAMETS: These exhibits will be admitted.

3 MR. LOSEE: That's all the questions that I
4 have on direct, Mr. Examiner.

5
6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q Mr. Harley, is there any -- let me preface my
9 question by saying this: There are very, very few Mississ-
10 ippian pools in the state. Is there any doubt that this is
11 Mississippian formation?

12 A I have no doubt.

13 Q Okay, that's --

14 A There are others that disagree with me on it.

15 Q That's a sufficient answer in this case. Cer-
16 tainly the cross section appears to be a Mississippian type
17 limestone, especially in the Adobe well.

18 MR. STAMETS: Any other questions of this wit-
19 ness?

20 MR. LOSEE: I have a couple others that may
21 help the examiner. Your question reminded me of it.

22
23 REDIRECT EXAMINATION

24 BY MR. LOSEE:

25 Q There are how many other fields that you've

1 found in southeastern New Mexico in the Mississippian lime?

2 A Well, on brief recognizance of the different
3 Mississippian gas pools, I found two in Chaves -- well, one
4 in Chaves County and one in Roosevelt County. The White
5 Ranch Mississippian Gas Field was formed in 1977 when Tom
6 L. Ingram well was recompleted from a Devonian to Mississ-
7 ippian formation, and it was granted 320-acre spacing on
8 statewide rules.

9 In Roosevelt County the Denton Camp Mississippian
10 Pool was formed in the 1973 and -- approximately in 1973 --
11 and was also completed in the Mississippian formation.

12 Q The spacing for that field is 320 acres.

13 A Yes, sir.

14 Q And there's two wells in the White Ranch?

15 A Yes.

16 Q One well in the Denton Camp?

17 A Yes.

18 MR. LOSEE: I think that's all.

19 MR. STAMETS: Any other questions of the wit-
20 ness? He may be excused.

21
22 PEYTON YATES

23 being called as a witness and having been duly sworn upon
24 his oath, testified as follows, to-wit:
25

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name, residence, and occupation.

A My name is Peyton Yates. I live in Artesia, New Mexico, and I'm a petroleum engineer.

Q You've previously testified before this Commission and had your qualifications made part of the record?

A Yes, sir.

MR. LOSEE: Are Mr. Yates qualifications acceptable, Mr. Examiner?

MR. STAMETS: They are.

Q (Mr. Losee continuing.) Would you please refer to what has been marked as Exhibit Two and Exhibit Three, and explain from an engineering standpoint the relevancy of these exhibits to this application?

A Okay. I wish to discuss the two completed wells in the Austin-Mississippian interval in this township, namesly, the Phillips Petroleum No. 1 Austin, located in the southwest quarter of Section 17, Township 14 South, Range 36 East, and the Adobe State 1-16, located in the southwest quarter of Section 16, Township 14 South, Range 36 East.

These wells are shown on the plat in Exhibit Two and are approximately one mile apart.

1 The Phillips well was completed in July of 1957.
2 Well card information indicates the original bottom hole
3 pressure by drill stem test to be 5315 pounds per square
4 inch.

5 The drill stem test was taken over the test
6 interval 13,195 to 13,305, which covered the Austin-Mississ-
7 ippian interval, which is from 13,270 to 86. Excuse me,
8 that must be a larger interval than that. I think those
9 were some perforations rather than the entire Austin inter-
10 val.

11 The data reported on the card as being from
12 a seventeen minute shutin after a two and one-half hour
13 flow period during which the well unloaded a 4900 foot
14 water blanket and flowed 1-1/2 million cubic feet per day.

15 I've also found in the state well files that
16 at the time that Phillips completed the well, they reported
17 a tubing pressure of 4400 pounds. This was also in 1957.

18 In January of 1962 the Phillips well in Section
19 17 went on stream and as of April the 1st, 1977, had pro-
20 duced 4-billion .779 million cubic feet of gas -- or excuse
21 me, let's make that 4-billion .061779 cubic feet of gas
22 and 57,516 barrels of oil.

23 The average production rate of the month of
24 March was -- of this year, was 444 Mcf per day.

25 The Adobe well in Section 16 was completed in --

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1 on April the 29th of 1978. A drill stem test was run on
2 March the 28th of 1978 across the interval 13,186 to 13,310,
3 which includes the Austin-Mississippian porosity interval
4 from 13,199 to 13,261.

5 The final shutin pressure on the drill stem
6 test was 4,843 pounds per square inch, which is 472 pounds
7 per square inch lower than the drill stem test bottom hole
8 pressure on the Phillips well.

9 The drill stem test final build-up extrapolates,
10 when plotted on a T or a Horner-type plot, extrapolates to
11 4,925 pounds per square inch, or 390 pounds per square inch
12 lower than the original bottom hole pressure on the Phillips
13 No. 1 Austin Well as determined from the seventeen minute
14 shutin.

15 I could not find any data with which to extra-
16 polate the Austin -- the Phillips well, if it indeed could
17 be extrapolated.

18 The Adobe well was completed for a calculated
19 open -- absolute open flow of 2704 Mcf per day. After
20 testing the Adobe well for the four-point test, the well
21 was shut in; from April the 29th, 1978, until July the 28th,
22 1978, the shut in bottom hole pressure climbed from an
23 89 hour shutin bottom hole pressure of 4,176 to a 2,160
24 hour shutin bottom hole pressure of 4,724 pounds, both
25 measured at a depth of 13,230 feet.

1 Surface pressures, as reported to us by the
2 operator, had changed less than 100 psi since May the 22nd,
3 from May the 22nd, that is, until July the 28th. Therefore
4 the well is apparently near stabilizing its pressure.

5 The 4,724 pounds per square inch reading after
6 2,000 hours of shutin is 591 pounds per square inch less
7 than the original bottom hole pressure as taken from the
8 DST on the Phillips well.

9 If we compare shutin tubing pressures, we will
10 find that even greater difference in pressure between the
11 Phillips well and the Austin well. The shutin tubing
12 pressure as reported in 1957 on the Phillips well was
13 4400 pounds per square inch. The Adobe well shutin tubing
14 pressure also was taken on July the 28th, 1978, after a
15 2,160 hour shutin, was 3,221 pounds.

16 The difference is 1279 pounds per square inch.
17 If the tubing pressure on the Phillips well is indeed
18 correct, it would probably indicate that the drill stem
19 test pressure on the Phillips well, which was 5,315 pounds,
20 was probably a low pressure and would have built up to
21 a high pressure had the well been shutin longer.

22 It should be noted that the Adobe well was
23 only 33 feet structurally low to the Phillips well. The
24 Adobe well has approximately 40 feet of pay and the Phillips
25 well, 61 feet of pay, using a 4 percent porosity cutoff.

1 On August the 8th, which was just last week,
2 the Adobe well was given a 40,000 gallon acid treatment.
3 The latest reports as of this morning show the well to be
4 flowing from 1500 to 2000 Mcf per day at from 1750 to 2600
5 pounds flowing tubing pressure.

6 It should also be noted that the Phillips well
7 initially went on stream at approximately 1500 Mcf per day.
8 We have no record of what its flowing tubing pressure was.

9 Q Mr. Yates, do you arrive at some conclusion
10 with respect to this pressure data?

11 A Yes. When we take into consideration geologic
12 correlation that has been presented at this hearing today,
13 the similarity in the type rocks, as reported in sample
14 reports, we feel that there is very little doubt at this
15 point that the two wells are completed in the same reservoir,
16 and that it is very likely that they are in communication
17 with -- one with another. The important thing, we think,
18 relative to this hearing is that the original bottom hole
19 pressure on the Adobe well has been reduced by production
20 of the Phillips well, which is approximately one mile away.
21 This reduction in pressure we believe to be a minimum 390
22 pounds per square inch and as much as over a -- a figure
23 over 1200 pounds per square inch.

24 This indicates that the production from the
25 Phillips well is draining effectively a distance of at least

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1 5,280 feet.

2 For this reason we are convinced 320-acre
3 spacing, which is the standard gas well spacing to the depth
4 and formation should be applied to this reservoir.

5 Q Do you believe that 320-acre spacing for this
6 reservoir will protect the correlative rights and prevent
7 waste?

8 A Yes.

9 Q Now, Mr. Yates, the application of your company
10 is for alternative relief, one of which requests that the
11 whole pool be spaced on 320-acre spacing, and the other
12 is that the 160-acre spacing be continued for the original
13 well located in the southwest quarter of Section 17.

14 Would you discuss for the Examiner the possible problem
15 encountered if the whole -- the original pool were changed
16 to 320-acre spacing?

17 A Yes, sir. Could I see the land plat, please?

18 We recognize the difficulty that attempting
19 to change the spacing on the pool, existing pool, from
20 160 acres to 320 acres puts the -- difficulty that arises
21 for the Commission in trying to protect correlative rights
22 with respect to the existing, the already existing and
23 producing well.

24 We feel very positive that it is necessary to
25 go to 320-acre spacing for the remaining wells if at all

1 possible in this particular reservoir for the reasons that
2 we have stated.

3 We do however recognize that it may be necessary
4 for the Commission to maintain a nonstandard location at
5 the very least for the Phillips well to maintain its present
6 160-acre spacing, and possibly permit in the northwest
7 quarter of Section 17 a nonstandard well to be drilled in
8 order for those parties to protect their correlative rights.
9 Yates would have no objection to a nonstandard well being
10 drilled in that particular northwest quarter in Section 17.

11 We would attempt and would encourage the operator
12 of the existing unit to unitize the east half of Section 17
13 to drill a well on 320-acre spacing, if that were so ap-
14 proved by the Commission.

15 MR. LOSEE: I have no further questions of the
16 witness.

17
18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Yates, have you had any direct contact with
21 Phillips Petroleum on this application?

22 A No, sir.

23 Q They have not indicated any desire one way or
24 the other, what they'd like to have, whether they'd like
25 to have your direct application or your alternative approved?

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1 A No, sir, we -- I have not talked with them.

2 Q It doesn't appear as though Phillips is repre-
3 sented here today.

4 MR. STAMETS: Any other questions of this wit-
5 ness?

6 He may be excused.

7 MR. LOSEE: Mr. Examiner, I'd like to explain
8 that a little bit. From Yates Petroleum's standpoint we
9 have no preference as to either request for relief, either
10 to shrink it to the 160 or put the original pool on 320's.
11 I do envision a problem on a well that's been drilled and
12 put on production in 1964 with 4-billion cubic feet having
13 been produced from it, to put it on 320. Whether Southern
14 Union that happens to have the northwest quarter in that
15 section gets hauled into the unit and how they adjust cost
16 among themselves, and as a result I think it would behoove
17 the Commission to really consider our alternative relief.

18 That's the only statement I have.

19 MR. STAMETS: Would it appear within the call
20 of the hearing to grant the relief administratively upon
21 an application by the original operator, Phillips?

22 MR. LOSEE: To do what, now?

23 MR. STAMETS: Provide Phillips Petroleum the
24 opportunity to decide whether they wanted 320 or 160 and
25 upon their application we could limit the old pool rules

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1 to the 160 that they're on or have the new pool rules ef-
2 fective.

3 MR. LOSEE: I don't, frankly, I don't think we've
4 said anything about administrative, and I can't envision
5 Phillips wanting to get in an argument with Southern Union
6 as to reimbursement of costs of a well that's been on since
7 '64 and produced 4-billion cubic feet of gas.

8 From Yates' standpoint if you approve the alter-
9 native relief and put it on the 160, the original pool, ob-
10 viously there has to be a nonstandard unit and we will not
11 object if Southern Union or anyone else proposes to drill
12 a well up in the northwest quarter. We can't speak for
13 Adobe, of course. Maybe Mr. Strand, who's here with Harvey
14 Yates Company, can speak for them.

15 But I just think from a practical standpoint
16 that that would cause less problems with everybody.

17 MR. STAMETS: Okay.

18 MR. LOSEE: For what that may be worth.

19 MR. STAMETS: Is there anything further in this
20 case?

21 MR. STRAND: Mr. Examiner, on behalf of Harvey
22 E. Yates Company, we would support either alternative. As
23 Mr. Harley stated, we own a substantial interest in the unit
24 area and fully concur with the application and could go with
25 either alternative on it.

1 MR. STAMETS: Anything further in this case?

2 MR. LOSEE: I have nothing further.

3 MR. STAMETS: The case will be taken under
4 advisement. Do you have an extra set of the exhibits?

5 MR. LOSEE: Yes.

6 (Hearing concluded.)
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CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 888-3404
Santa Fe, New Mexico 87501

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 the 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, C.S.R.

I do hereby certify that the foregoing
 is a complete record of the proceedings in
 the Examiner hearing of Case No. 6295
 heard by me on 8-16-78
 Richard L. Stanb, Examiner
 New Mexico Oil Conservation Commission

SALLY WALTON BOYD
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 730 Bishop's Lodge Road • Phone (505) 988-3404
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|--|--|--|--|--|--|---------|
| <p>Jackie Prod 6-1-83 16440</p> <p>U.S. M. Patsy Ward, et al Lester Aiken, et al</p> <p>Antac 2-1-81 L-5136 1218</p> <p>36</p> <p>State Patsy Ward, et al Lester Aiken, et al</p> <p>R.D. Martin, 1/2 MI</p> <p>J.M. Small- wood, MI</p> <p>J.M. Small- wood, MI M.E. Penell, M.I. Anderson Carter (S)</p> | <p>Lester Lalston, State (S)</p> <p>State Patsy Ward, et al Lester Aiken, et al</p> <p>State Toomy Betenbough, et al J.A. Richardson</p> <p>State Ellie C. Morony</p> <p>Amoco 2-18-79 L-2487 2269</p> <p>State, M.I. J.W. Richardson</p> <p>State, M.I. S.A. Richardson</p> <p>Amoco 3-18-79 L-2657</p> <p>Marolo, Inc. 11-18-79 L-3772 1225</p> <p>U.S. M. Somedon 9-24-78</p> <p>Somedon 2-1-83 17440</p> <p>FEL Co. 7-1-82 15886</p> <p>J.M. Small- wood, MI M.E. Penell, M.I. Anderson Carter (S)</p> <p>Somedon 2-1-83 17440</p> <p>R.E. Tejedo, S. Stormont 29242</p> <p>Raymond Ball, et al Frankie Monfeth, et al U.S. M.</p> <p>Somedon 9-14-78 L-35-79</p> <p>J.C. Hooker, et al, MI Security Tr. Co., et al Frankie Monfeth, et al</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>Union Woodward CA 11-29</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>J.D. Hunter L.L. Koss, Jr.</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>Blackwood E. Nichols Woodward 1014601 DA12-5-54</p> <p>Monson Nanna 1011325</p> <p>Marlin J. Wiggins</p> <p>Enserch 11-18-81</p> <p>MIDLAND © MAP</p> <p>36</p> <p>J.L. Reed, S. 8 1/2 MI</p> <p>Enserch 11-18-81</p> <p>Tenneco 3-1-80 L-4085 6052</p> <p>Aztec 8-18-80 L-4772 1511</p> | <p>State Toomy Betenbough, et al J.A. Richardson</p> <p>State Ellie C. Morony</p> <p>Amoco 2-18-79 L-2487 2269</p> <p>State, M.I. J.W. Richardson</p> <p>State, M.I. S.A. Richardson</p> <p>Amoco 3-18-79 L-2657</p> <p>Marolo, Inc. 11-18-79 L-3772 1225</p> <p>U.S. M. Somedon 9-24-78</p> <p>Somedon 2-1-83 17440</p> <p>FEL Co. 7-1-82 15886</p> <p>J.M. Small- wood, MI M.E. Penell, M.I. Anderson Carter (S)</p> <p>Somedon 2-1-83 17440</p> <p>R.E. Tejedo, S. 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Richardson</p> <p>State, M.I. S.A. Richardson</p> <p>Amoco 3-18-79 L-2657</p> <p>Marolo, Inc. 11-18-79 L-3772 1225</p> <p>U.S. M. Somedon 9-24-78</p> <p>Somedon 2-1-83 17440</p> <p>FEL Co. 7-1-82 15886</p> <p>J.M. Small- wood, MI M.E. Penell, M.I. Anderson Carter (S)</p> <p>Somedon 2-1-83 17440</p> <p>R.E. Tejedo, S. Stormont 29242</p> <p>Raymond Ball, et al Frankie Monfeth, et al U.S. M.</p> <p>Somedon 9-14-78 L-35-79</p> <p>J.C. Hooker, et al, MI Security Tr. Co., et al Frankie Monfeth, et al</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>Union Woodward CA 11-29</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>J.D. Hunter L.L. Koss, Jr.</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>Blackwood E. Nichols Woodward 1014601 DA12-5-54</p> <p>Monson Nanna 1011325</p> <p>Marlin J. Wiggins</p> <p>Enserch 11-18-81</p> <p>MIDLAND © MAP</p> <p>36</p> <p>J.L. Reed, S. 8 1/2 MI</p> <p>Enserch 11-18-81</p> <p>Tenneco 3-1-80 L-4085 6052</p> <p>Aztec 8-18-80 L-4772 1511</p> | <p>State Toomy Betenbough, et al J.A. Richardson</p> <p>State Ellie C. Morony</p> <p>Amoco 2-18-79 L-2487 2269</p> <p>State, M.I. J.W. Richardson</p> <p>State, M.I. S.A. Richardson</p> <p>Amoco 3-18-79 L-2657</p> <p>Marolo, Inc. 11-18-79 L-3772 1225</p> <p>U.S. M. Somedon 9-24-78</p> <p>Somedon 2-1-83 17440</p> <p>FEL Co. 7-1-82 15886</p> <p>J.M. Small- wood, MI M.E. Penell, M.I. Anderson Carter (S)</p> <p>Somedon 2-1-83 17440</p> <p>R.E. Tejedo, S. Stormont 29242</p> <p>Raymond Ball, et al Frankie Monfeth, et al U.S. M.</p> <p>Somedon 9-14-78 L-35-79</p> <p>J.C. Hooker, et al, MI Security Tr. Co., et al Frankie Monfeth, et al</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>Union Woodward CA 11-29</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>J.D. Hunter L.L. Koss, Jr.</p> <p>H.L. Brown, Jr. 9-1-79 L-1-79 8-10-79</p> <p>Blackwood E. Nichols Woodward 1014601 DA12-5-54</p> <p>Monson Nanna 1011325</p> <p>Marlin J. Wiggins</p> <p>Enserch 11-18-81</p> <p>MIDLAND © MAP</p> <p>36</p> <p>J.L. Reed, S. 8 1/2 MI</p> <p>Enserch 11-18-81</p> <p>Tenneco 3-1-80 L-4085 6052</p> <p>Aztec 8-18-80 L-4772 1511</p> | <p></p> |
|--|--|--|--|--|--|---------|

[illegible]

CASE 6287: (Continued from August 2, 1978, Examiner Hearing)

Application of Jack A. Cole for an unorthodox gas well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Flats Well No. 11, located 1712 feet from the South line and 1223 feet from the East line of Section 28, Township 23 North, Range 4 West, Ballard-Pictured Cliffs Pool, Sandoval County, New Mexico.

CASE 6295: Application of Yates Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Austin-Mississippian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for deep gas pools.

In the alternative, the applicant seeks to limit the 160-acre spacing rules of said Austin-Mississippian Gas Pool to the present horizontal limits of the pool.

CASE 6296: Application of Texaco Inc. for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. H. Blinbry Fed. (NCT-4) Well No. 3 located 700 feet from the South line and 2100 feet from the East line of Section 31, Township 22 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico, the S/2 S/2 of said Section 31 to be simultaneously dedicated to the aforesaid well and to applicant's A. H. Blinbry Fed. (NCT-4) Well No. 1 located in Unit P of said Section 31.

CASE 6297: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Indian Flats-Atoka Gas Pool. The discovery well is Perry R. Bass Big Eddy Unit Well No. 41 located in Unit J of Section 35, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 35: E/2

(b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Lonesome-San Andres Pool. The discovery well is Flag-Redfern Oil Company Wilson Well No. 1 located in Unit A of Section 31, Township 8 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 31: NE/4

(c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the Many Gates-Morrow Gas Pool. The discovery well is Amoco Production Company State DQ Well No. 1 located in Unit C of Section 32, Township 9 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 32: N/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Millman-Wolfcamp Gas Pool. The discovery well is Depco, Inc. DHY State B Well No. 1 located in Unit L of Section 11, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the South Shoe Bar-Morrow Gas Pool. The discovery well is HNG Oil Company Shoe Bar Ranch "3" Well No. 1 located in Unit C of Section 3, Township 17 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 3: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Wilson-Strawn Pool. The discovery well is Dorchester Exploration, Inc. Wilson State Com Well No. 1 located in Unit I of Section 13, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 13: SE/4

A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

LAW OFFICES
LOSEE & CARSON, P.A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

4 August 1978

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

Dear Mr. Ramey:

Enclosed herewith, please find three copies of Application
of Yates Petroleum Corporation, et al, for special pool rules
for the Austin-Mississippian Gas Pool, Lea County, New Mexico.

We ask that this case be set for hearing before an examiner and
that we be furnished with a docket of said hearing.

Yours truly,

LOSEE, CARSON & DICKERSON, P.A.


Joel M. Carson

JMC:bjm
Enclosures

cc w/enclosure: Yates Petroleum Corporation

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION, ET AL, :
FOR SPECIAL POOL RULES FOR THE AUSTIN- :
MISSISSIPPIAN GAS POOL, LEA COUNTY, :
NEW MEXICO :

CASE NO. 6295

APPLICATION

COME NOW YATES PETROLEUM CORPORATION, YATES DRILLING COMPANY, MYCO INDUSTRIES, INC., and JOHN A. YATES ("Yates, et al"), by their attorneys, and in support hereof respectfully state:

1. The Austin-Mississippian Gas Pool was created and defined prior to June 1, 1964 with 160 acre spacing for the Mississippian formation underlying the SW/4 of Section 17, Township 14 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

2. Adobe Oil & Gas Corporation in the year 1978 completed its State No. 16 Well in the SW/4 of Section 16, same township and range, within one mile of the outer limits of the Austin-Mississippian Gas Pool.

3. Adobe Oil & Gas Corporation has filed a notice of intention to drill its Hannah No. 1 Well in the NE/4 SE/4 of said Section 17.

4. Yates, et al, are the owners of 36.8% interest in the State No. 16 Well and in the spacing unit comprising the E/2 of Section 17.

5. Yates, et al, seek the promulgation of rules, including a provision for 320 acre spacing, for the Austin-Mississippian Gas Pool in Lea County, New Mexico, inasmuch as

the pool was excluded from the provision of R-2707 because it was created and defined prior to the cut-off date of June 1, 1964.

6. In the alternative, Yates, et al, seek a limitation on the 160 acre spacing rule applicable to the Austin-Mississippian Gas Pool so that it will only be effective as to the SW/4 of Section 17.

7. A well in the Mississippian formation will efficiently and economically drain 320 acres, and the approval of this application will protect correlative rights and prevent waste.

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 promulgating a rule for 320 acre spacing for the Austin-Mississippian Gas Pool or, in the alternative, limiting the 160 acre spacing in said pool to the SW/4 of said Section 17.

C. And for such other and further relief as may seem proper.

YATES PETROLEUM CORPORATION, ET AL

By: 

Joel M. Carson

P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicants

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION, ET AL, :
FOR SPECIAL POOL RULES FOR THE AUSTIN- :
MISSISSIPPIAN GAS POOL, LEA COUNTY, :
NEW MEXICO :

CASE NO. 6295

APPLICATION

COME NOW YATES PETROLEUM CORPORATION, YATES DRILLING
COMPANY, MYCO INDUSTRIES, INC., and JOHN A. YATES ("Yates, et al"),
by their attorneys, and in support hereof respectfully state:

1. The Austin-Mississippian Gas Pool was created and
defined prior to June 1, 1964 with 160 acre spacing for the
Mississippian formation underlying the SW/4 of Section 17,
Township 14 South, Range 36 East, N.M.P.M., Lea County, New
Mexico.

2. Adobe Oil & Gas Corporation in the year 1978
completed its State No. 16 Well in the SW/4 of Section 16,
same township and range, within one mile of the outer limits
of the Austin-Mississippian Gas Pool.

3. Adobe Oil & Gas Corporation has filed a notice
of intention to drill its Hannah No. 1 Well in the NE/4 SE/4
of said Section 17.

4. Yates, et al, are the owners of 36.8% interest in
the State No. 16 Well and in the spacing unit comprising the
E/2 of Section 17.

5. Yates, et al, seek the promulgation of rules,
including a provision for 320 acre spacing, for the Austin-
Mississippian Gas Pool in Lea County, New Mexico, inasmuch as

the pool was excluded from the provision of R-2707 because it was created and defined prior to the cut-off date of June 1, 1964.

6. In the alternative, Yates, et al, seek a limitation on the 160 acre spacing rule applicable to the Austin-Mississippian Gas Pool so that it will only be effective as to the SW/4 of Section 17.

7. A well in the Mississippian formation will efficiently and economically drain 320 acres, and the approval of this application will protect correlative rights and prevent waste.


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 promulgating a rule for 320 acre spacing for the Austin-Mississippian Gas Pool or, in the alternative, limiting the 160 acre spacing in said pool to the SW/4 of said Section 17.

C. And for such other and further relief as may seem proper.

YATES PETROLEUM CORPORATION, ET AL



By:

Joel M. Carson
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicants

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION, ET AL, :
FOR SPECIAL POOL RULES FOR THE AUSTIN- :
MISSISSIPPIAN GAS POOL, LEA COUNTY, :
NEW MEXICO :

CASE NO. 6295

APPLICATION

COME NOW YATES PETROLEUM CORPORATION, YATES DRILLING
COMPANY, MYCO INDUSTRIES, INC., and JOHN A. YATES ("Yates, et al"),
by their attorneys, and in support hereof respectfully state:

1. The Austin-Mississippian Gas Pool was created and
defined prior to June 1, 1964 with 160 acre spacing for the
Mississippian formation underlying the SW/4 of Section 17,
Township 14 South, Range 36 East, N.M.P.M., Lea County, New
Mexico.

2. Adobe Oil & Gas Corporation in the year 1978
completed its State No. 16 Well in the SW/4 of Section 16,
same township and range, within one mile of the outer limits
of the Austin-Mississippian Gas Pool.

3. Adobe Oil & Gas Corporation has filed a notice
of intention to drill its Hannah No. 1 Well in the NE/4 SE/4
of said Section 17.

4. Yates, et al, are the owners of 36.8% interest in
the State No. 16 Well and in the spacing unit comprising the
E/2 of Section 17.

5. Yates, et al, seek the promulgation of rules,
including a provision for 320 acre spacing, for the Austin-
Mississippian Gas Pool in Lea County, New Mexico, inasmuch as

the pool was excluded from the provision of R-2707 because it was created and defined prior to the cut-off date of June 1, 1964.

6. In the alternative, Yates, et al, seek a limitation on the 160 acre spacing rule applicable to the Austin-Mississippian Gas Pool so that it will only be effective as to the SW/4 of Section 17.

7. A well in the Mississippian formation will efficiently and economically drain 320 acres, and the approval of this application will protect correlative rights and prevent waste.

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 promulgating a rule for 320 acre spacing for the Austin-Mississippian Gas Pool or, in the alternative, limiting the 160 acre spacing in said pool to the SW/4 of said Section 17.

C. And for such other and further relief as may seem proper.

YATES PETROLEUM CORPORATION, ET AL

By: 

Joel M. Carson
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicants

From Jerry Lossee ~~Per~~ July 27, 1978
Application of Yates Petroleum
Corporation

^{Lea}
~~Application of Texas Oil and Gas Company for special pool rules or a spacing exception, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Shugart-Mississippian Gas Pool, Eddy County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for~~

deep gas pools

(Austin-Mississippian Gas Pool, Lea

In the alternative, The applicant
seeks to limit the 160-acre spacing
rules to the present horizontal
limits of said Austin-Mississippian
Gas Pool.

RLH

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

CASE NO. 6295

Order No. R-5793

*Application of Yates Petroleum Corporation
For Special Pool Rules, Lea County, New Mexico*

[Signature]

ORDER OF THE DIVISION

BY THE DIVISION:

RS
Bill
This cause came on for hearing at 9 a.m. on Aug. 16
19 78, at Santa Fe, New Mexico, before Examiner R. L. Stamets.

NOW, on this August day of 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, Yates Petroleum Company,*

Applicant, in the above styled cause, seeks the promulgation of special pool rules for the
Austin-Mississippian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather
than 160 acres.

(3) *That*

In the alternative, the applicant seeks to limit the 160-acre spacing rules of said Austin-
Mississippian Gas Pool to the present horizontal limits of the pool.

Austin - Mississippian
(4) That said ~~Shugart-Pennsylvanian~~ Gas Pool was created and
designated by the Commission by Order No. R-1129, effective June
1, 1958. *February 20, 1958*

(5) That by Commission Order No. R-2707, dated May 25, 1964,
Rule 104 of the Commission Rules and Regulations was amended to
provide that all gas pools of Pennsylvanian age or older in
Southeast New Mexico which were created and defined June 1, 1964,
or later shall have 320-acre spacing and proration units, inas-
much as it was found that in Southeast New Mexico, "...a gas well
completed in the Pennsylvanian formation or a deeper formation
will efficiently and economically drain and develop a 320-acre
tract."

Austin-Mississippian
Lea
Case No. 6295
Order No. R-5793

(6) That the applicant in the instant case seeks the
promulgation of rules including a provision for 320-acre spacing
for the ~~Shugart-Pennsylvanian~~ Gas Pool in ~~Lea~~ County, New
Mexico, inasmuch as that pool was excluded from the provisions
of Order No. R-2707, because it was created and defined prior to
the cut-off date of June 1, 1964.

(7) That one well in the ^{Rust, 15 - Mississippian Gas Pool in} ~~North-Burton-Pennsylvanian Gas~~
~~Pool in Eddy County, New Mexico,~~ will efficiently and economically
drain and develop 320 acres, and the inclusion of said pool under
the 320-acre provisions of Rule 104 for pools of Pennsylvanian
age or older will not cause waste nor violate correlative rights,
and should be approved.

(8) That to protect the rights of interest owner owners in the original well within said Rustin-Mississippian Gas Pool, ~~The said well~~
~~should~~ said well should be dedicated ~~an exception~~
~~to the well location requirements for the pool, and a~~
~~subject to the existing 160-acre spacing~~
~~non-standard 160-acre gas well spacing and protection~~
~~and location requirements.~~
unit for said well should be approved.

(9) That approval of this application for special pool rules subject to the provisions of finding (8) above will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective ^{September} ~~August~~ 1, 1978, each well completed or recompleted in the ~~North-Durton-Pennsylvanian~~ Gas Pool or in the ~~Pennsylvanian~~ formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to June 1, 1964.

Provided However: That a 160-acre non-standard gas spacing and proration unit comprising the sa^{ve} of Section 17, Township 14 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby approved and dedicated to the Phillips Petroleum Company Cushing Com Well No. 1, located in Unit C of said Section 17.

IT IS FURTHER ORDERED:

1. ~~2.2~~ That the locations of all wells presently drilling to or completed in the North ~~Burton~~ ~~Pennsylvanian~~ Gas Pool or in the ~~Pennsylvanian~~ formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the ⁴⁰⁶⁴³ District Office of the ~~Division~~ in writing of the name and location of the well by ~~November 1, 1978.~~
except as provided above and

320) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the ~~North-Burton-Pennsylvanian Gas Pool~~ shall have dedicated thereto 320 acres in accordance with Rule 104 of the ~~Commission~~ Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the ^{Division} Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

12 companies awarded contract (so west) Bus Machines 72
on calculators

(7) That recent additional development in
said Huston-Mississippian Gas Pool demonstrates
that said pool may be efficiently and
economically drained by wells drilled
on a 320-acre spacing pattern. ~~as per~~

(8)