

CASE NO.

7147

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

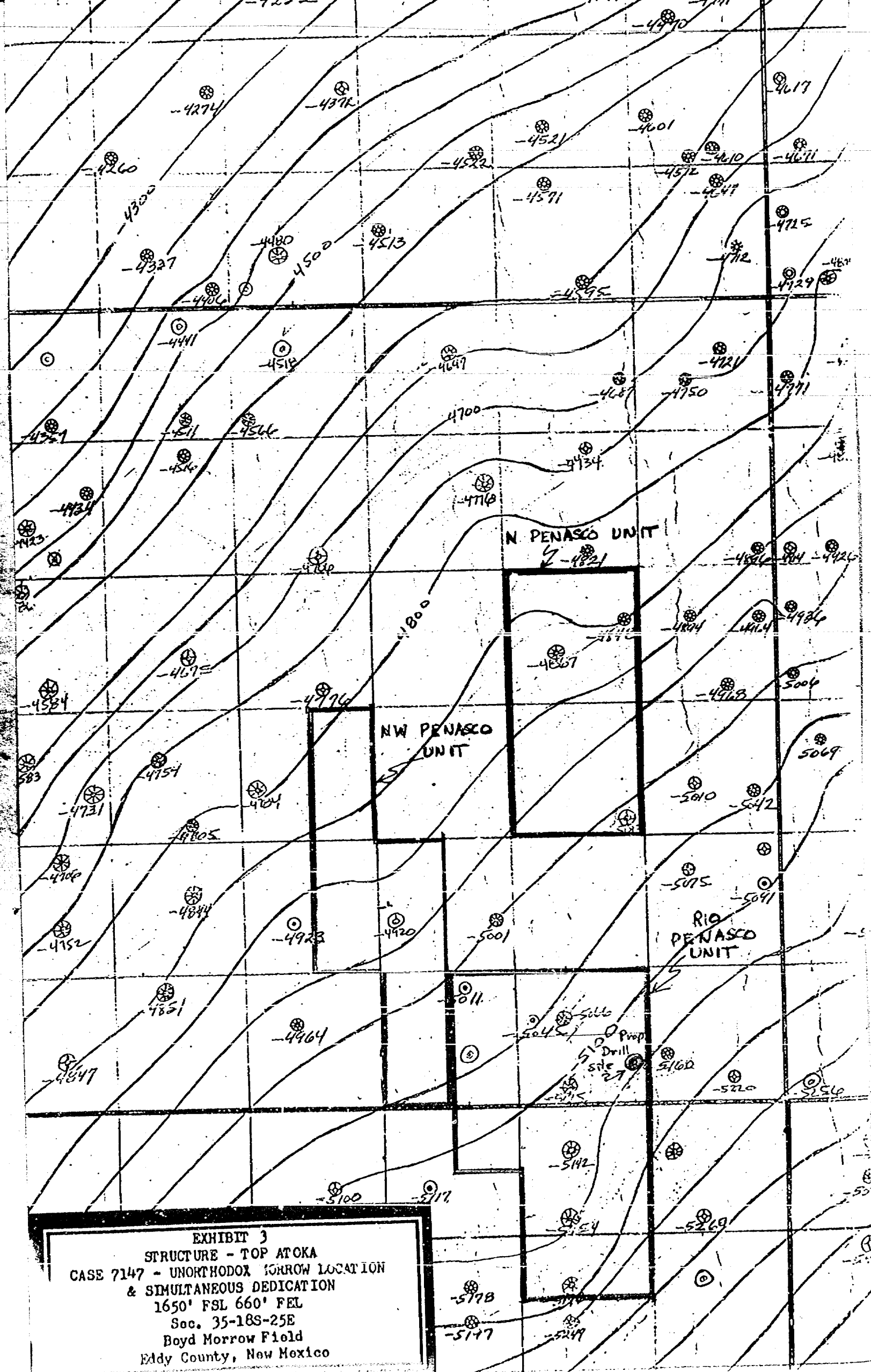
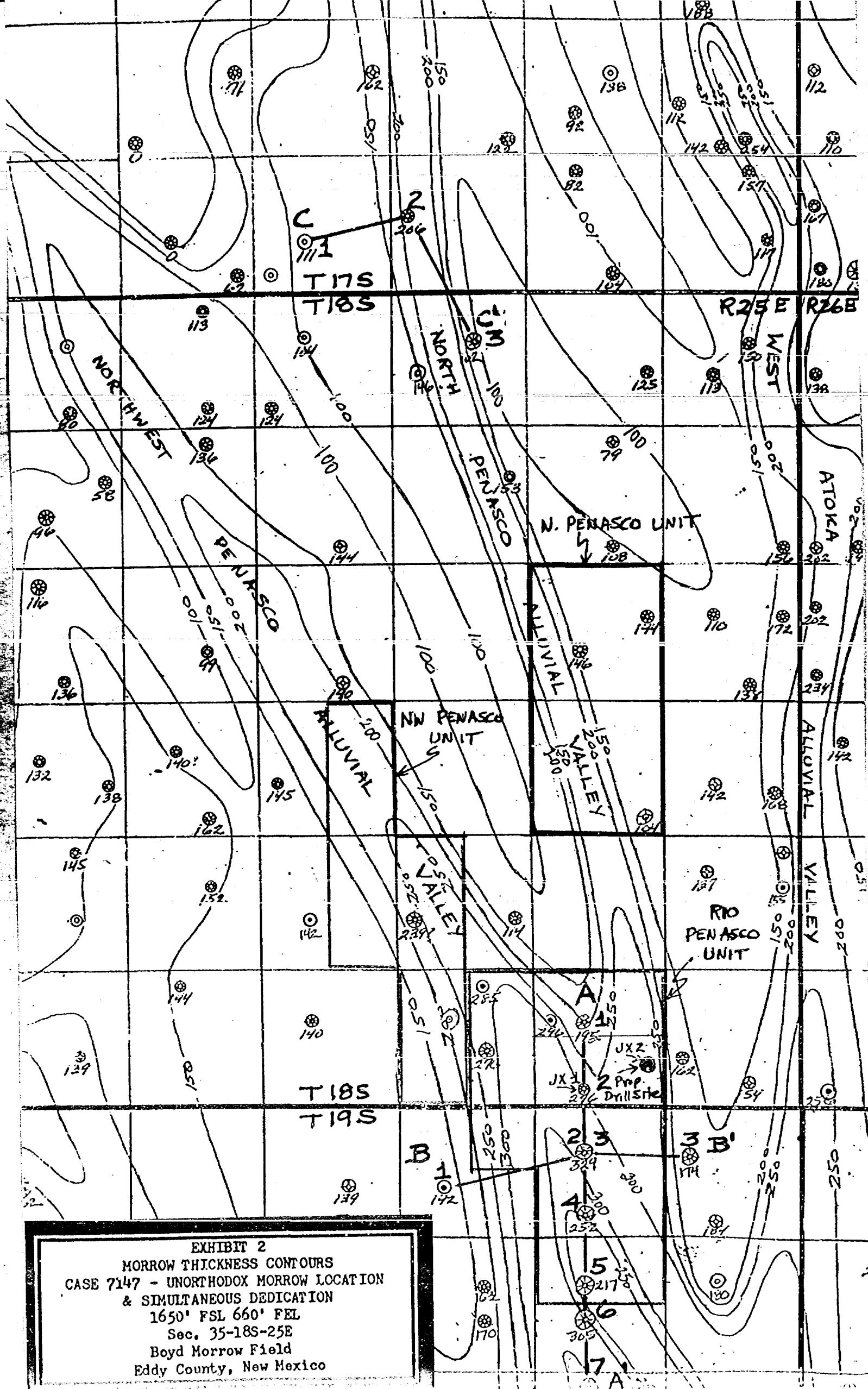


EXHIBIT 3
STRUCTURE - TOP ATOKA
CASE 7147 - UNORTHODOX MORROW LOCATION
& SIMULTANEOUS DEDICATION
1650' FSL 660' FEL
Sec. 35-18S-25E
Boyd Morrow Field
Eddy County, New Mexico

EXHIBIT 1
LAND PLAT
CASE 7147 - UNORTHODOX MORROW LOCATION
& SIMULTANEOUS DEDICATION
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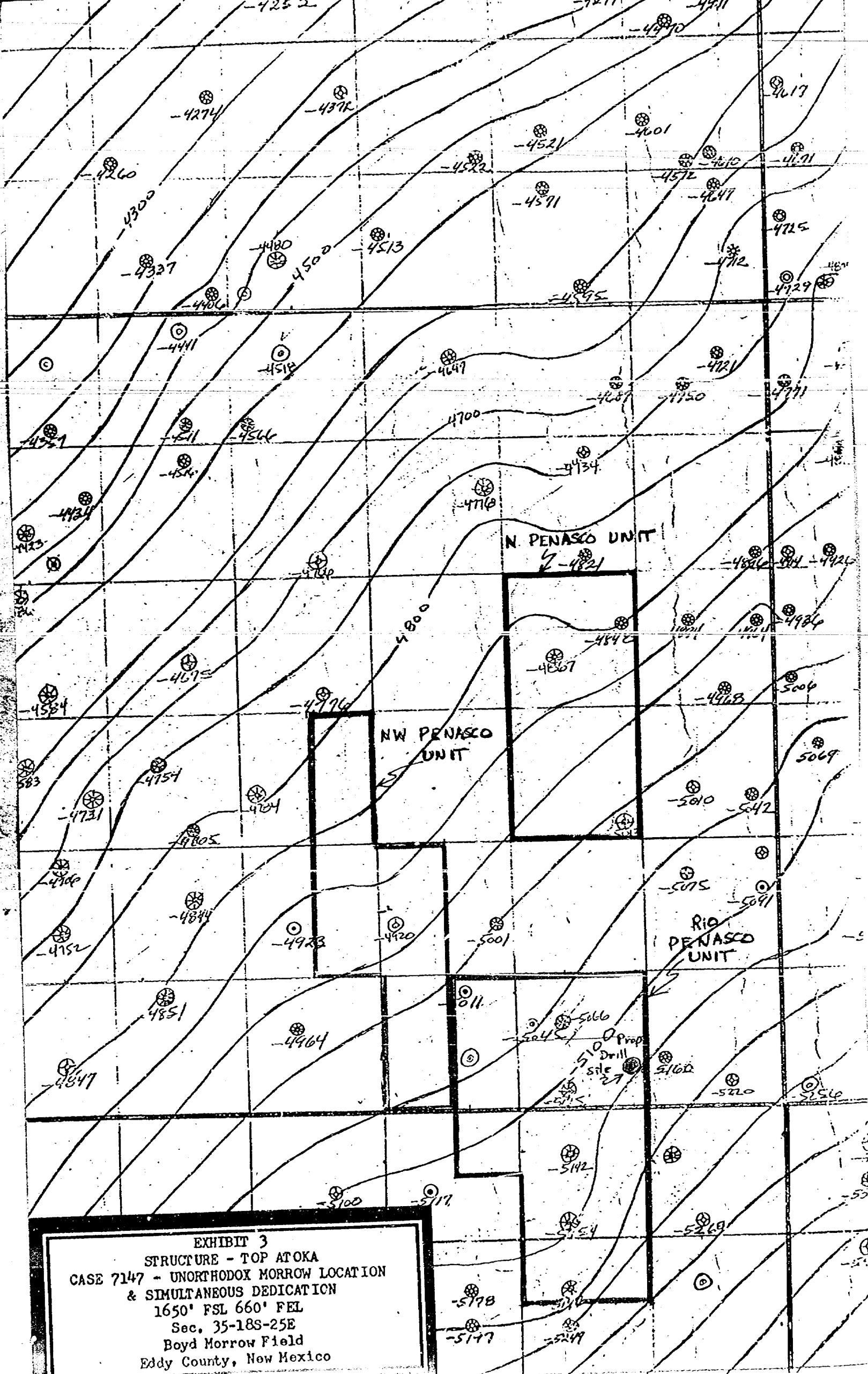
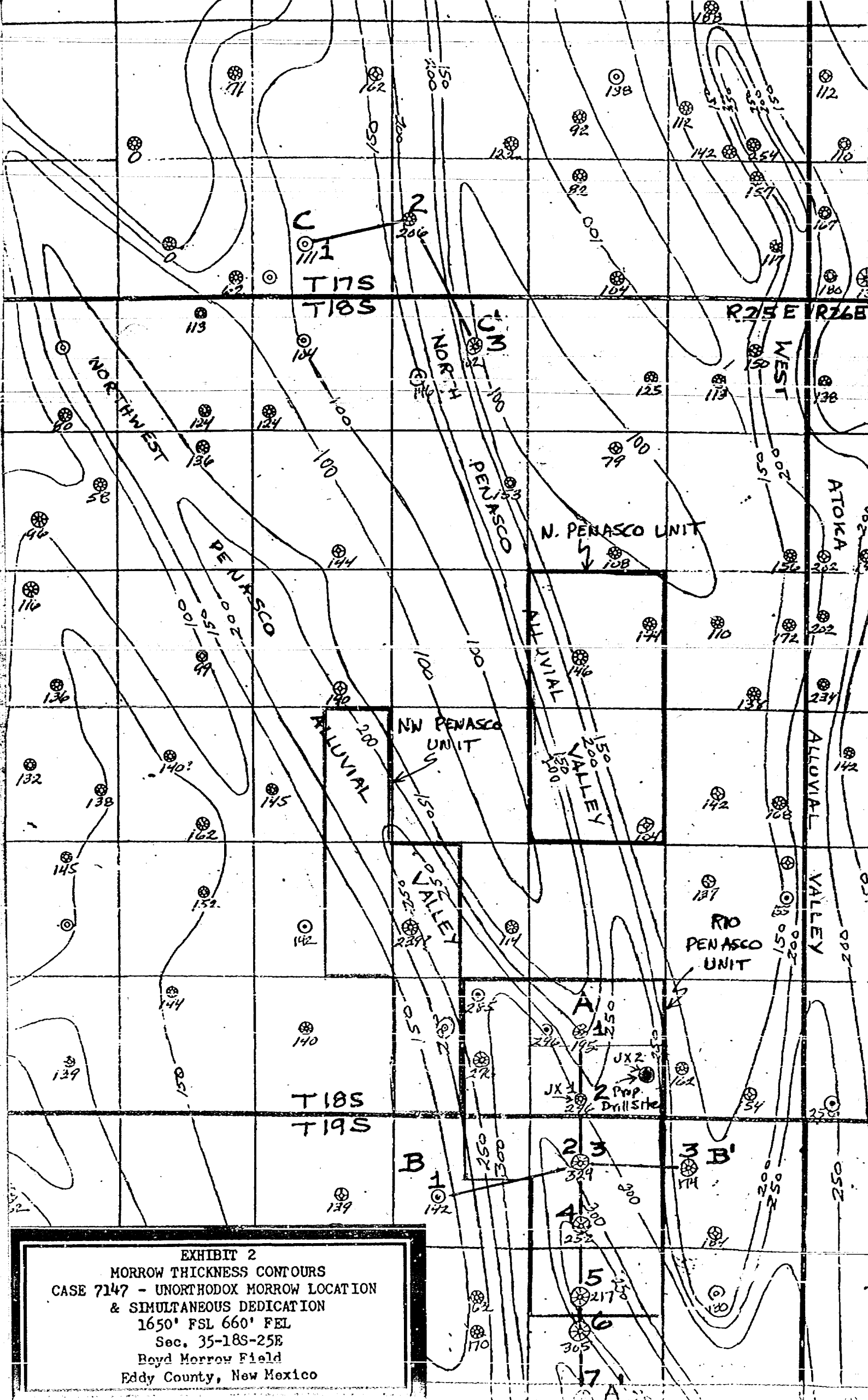


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1 HBC 16-7-78 HBC W/2	2 HBC 16-7-78 HBC W/2	3 HBC 16-7-78 HBC W/2	4 HBC 16-7-78 HBC W/2	5 HBC 16-7-78 HBC W/2	6 HBC 16-7-78 HBC W/2	7 HBC 16-7-78 HBC W/2	8 HBC 16-7-78 HBC W/2	9 HBC 16-7-78 HBC W/2	10 HBC 16-7-78 HBC W/2	11 HBC 16-7-78 HBC W/2	12 HBC 16-7-78 HBC W/2	13 HBC 16-7-78 HBC W/2	14 HBC 16-7-78 HBC W/2	15 HBC 16-7-78 HBC W/2	16 HBC 16-7-78 HBC W/2	17 HBC 16-7-78 HBC W/2	18 HBC 16-7-78 HBC W/2	19 HBC 16-7-78 HBC W/2	20 HBC 16-7-78 HBC W/2	21 HBC 16-7-78 HBC W/2	22 HBC 16-7-78 HBC W/2	23 HBC 16-7-78 HBC W/2	24 HBC 16-7-78 HBC W/2	25 HBC 16-7-78 HBC W/2	26 HBC 16-7-78 HBC W/2	27 HBC 16-7-78 HBC W/2	28 HBC 16-7-78 HBC W/2	29 HBC 16-7-78 HBC W/2	30 HBC 16-7-78 HBC W/2	31 HBC 16-7-78 HBC W/2	32 HBC 16-7-78 HBC W/2	33 HBC 16-7-78 HBC W/2	34 HBC 16-7-78 HBC W/2	35 HBC 16-7-78 HBC W/2	36 HBC 16-7-78 HBC W/2	37 HBC 16-7-78 HBC W/2	38 HBC 16-7-78 HBC W/2	39 HBC 16-7-78 HBC W/2	40 HBC 16-7-78 HBC W/2	41 HBC 16-7-78 HBC W/2	42 HBC 16-7-78 HBC W/2	43 HBC 16-7-78 HBC W/2	44 HBC 16-7-78 HBC W/2	45 HBC 16-7-78 HBC W/2	46 HBC 16-7-78 HBC W/2	47 HBC 16-7-78 HBC W/2	48 HBC 16-7-78 HBC W/2	49 HBC 16-7-78 HBC W/2	50 HBC 16-7-78 HBC W/2	51 HBC 16-7-78 HBC W/2	52 HBC 16-7-78 HBC W/2	53 HBC 16-7-78 HBC W/2	54 HBC 16-7-78 HBC W/2	55 HBC 16-7-78 HBC W/2	56 HBC 16-7-78 HBC W/2	57 HBC 16-7-78 HBC W/2	58 HBC 16-7-78 HBC W/2	59 HBC 16-7-78 HBC W/2	60 HBC 16-7-78 HBC W/2	61 HBC 16-7-78 HBC W/2	62 HBC 16-7-78 HBC W/2	63 HBC 16-7-78 HBC W/2	64 HBC 16-7-78 HBC W/2	65 HBC 16-7-78 HBC W/2	66 HBC 16-7-78 HBC W/2	67 HBC 16-7-78 HBC W/2	68 HBC 16-7-78 HBC W/2	69 HBC 16-7-78 HBC W/2	70 HBC 16-7-78 HBC W/2	71 HBC 16-7-78 HBC W/2	72 HBC 16-7-78 HBC W/2	73 HBC 16-7-78 HBC W/2	74 HBC 16-7-78 HBC W/2	75 HBC 16-7-78 HBC W/2	76 HBC 16-7-78 HBC W/2	77 HBC 16-7-78 HBC W/2	78 HBC 16-7-78 HBC W/2	79 HBC 16-7-78 HBC W/2	80 HBC 16-7-78 HBC W/2	81 HBC 16-7-78 HBC W/2	82 HBC 16-7-78 HBC W/2	83 HBC 16-7-78 HBC W/2	84 HBC 16-7-78 HBC W/2	85 HBC 16-7-78 HBC W/2	86 HBC 16-7-78 HBC W/2	87 HBC 16-7-78 HBC W/2	88 HBC 16-7-78 HBC W/2	89 HBC 16-7-78 HBC W/2	90 HBC 16-7-78 HBC W/2	91 HBC 16-7-78 HBC W/2	92 HBC 16-7-78 HBC W/2	93 HBC 16-7-78 HBC W/2	94 HBC 16-7-78 HBC W/2	95 HBC 16-7-78 HBC W/2	96 HBC 16-7-78 HBC W/2	97 HBC 16-7-78 HBC W/2	98 HBC 16-7-78 HBC W/2	99 HBC 16-7-78 HBC W/2	100 HBC 16-7-78 HBC W/2
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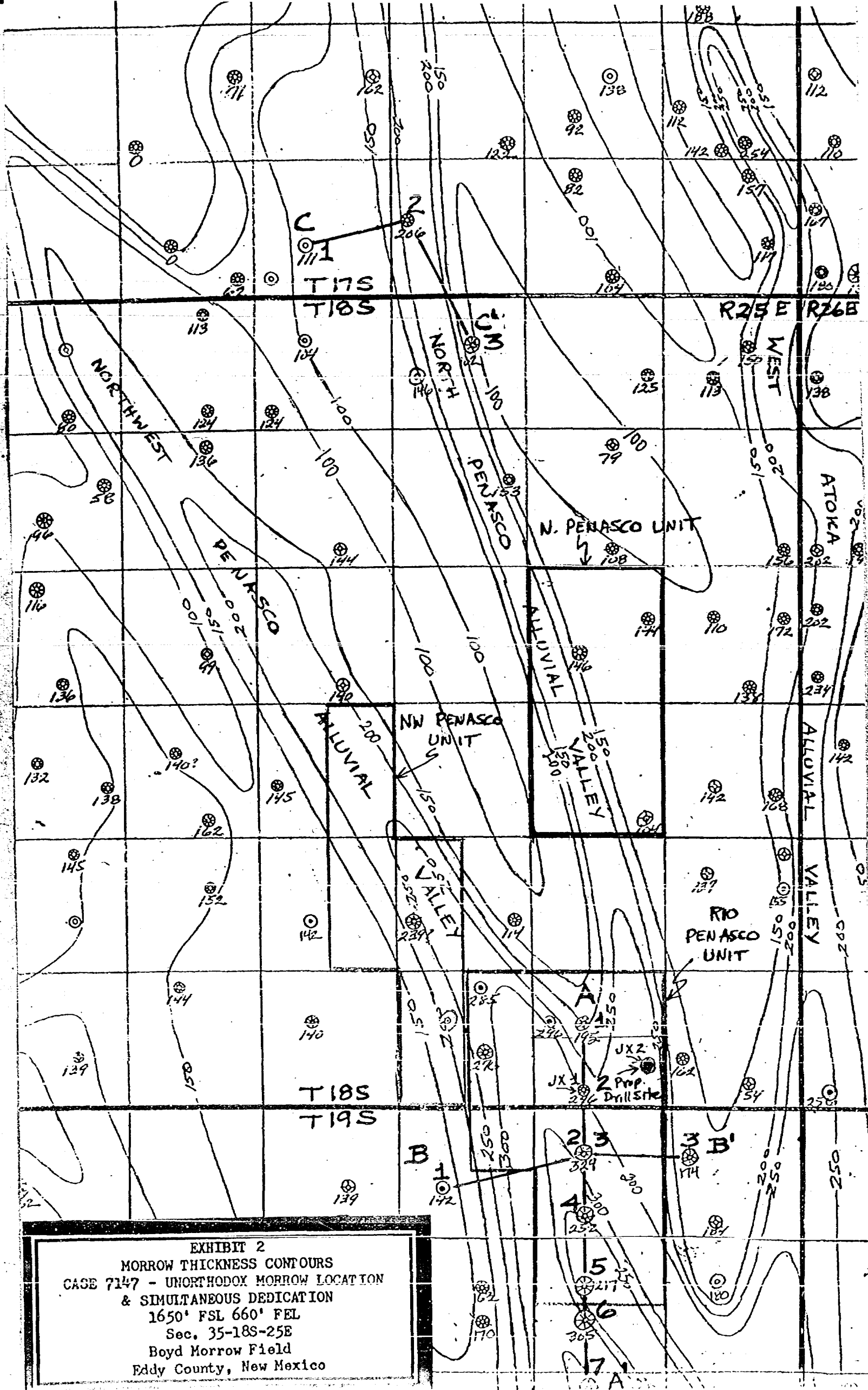
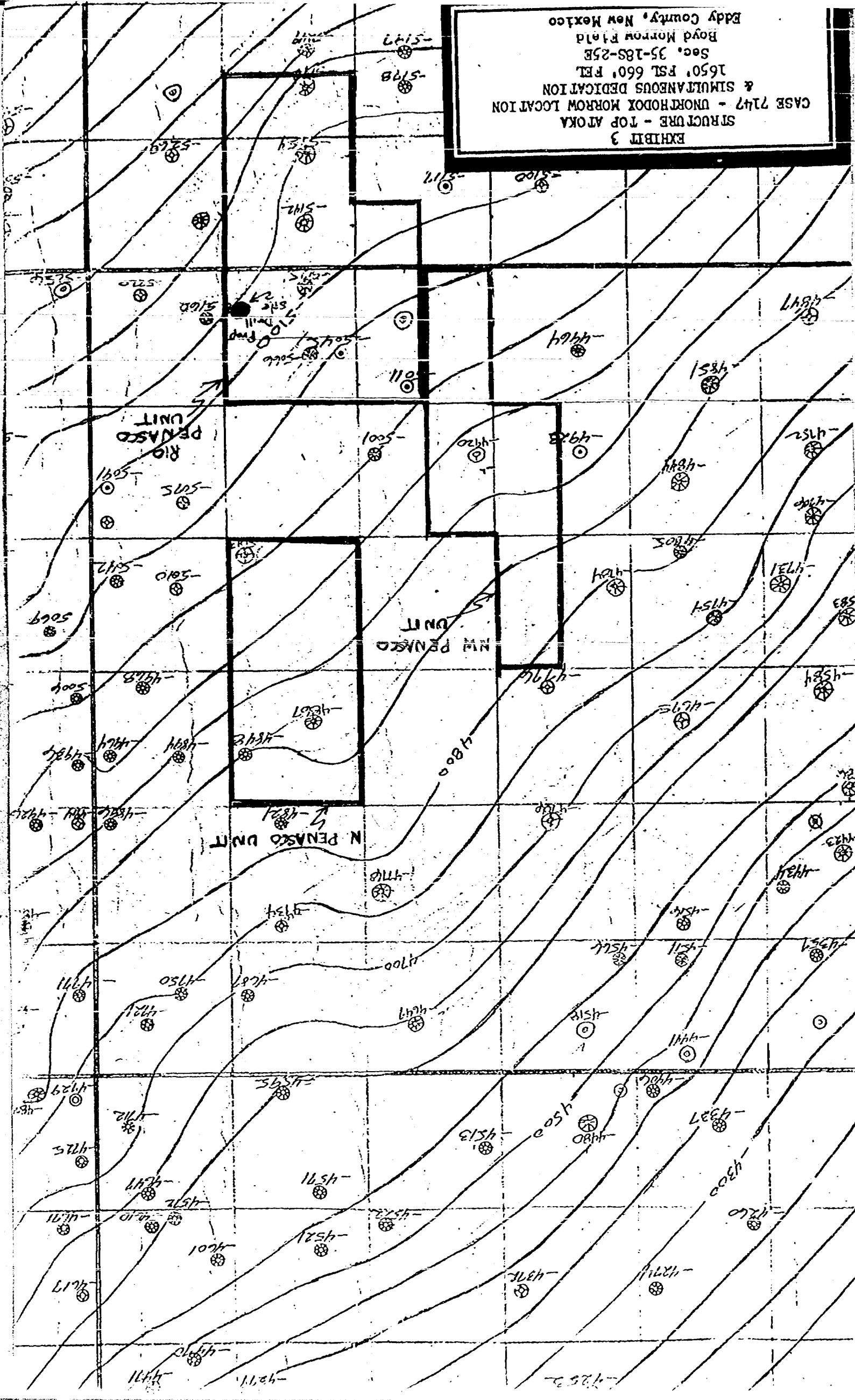


EXHIBIT 3
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 CASE 7147 - UNORTHODOX MORROW LOCATION
 & SIMULTANEOUS DEDICATION
 1650' FSL 660' FEL
 Sec. 35-18S-25E
 Boyd Morrow Field
 Eddy County, New Mexico



Dockets Nos. 7-81 and 8-81 are tentatively set for February 25 and March 11, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 11, 1981

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for March, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(3) Consideration of purchaser's nominations for the one year period beginning April 1, 1981, for both of the above areas.

CASE 7146: Application of Amoco Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Perro Grande Unit Area, comprising 3524 acres, more or less, of State and Federal lands in Townships 25 and 26 South, Range 35 East.

CASE 7135: (Continued and Readvertised)

Application of Celeste C. Grynberg for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the South Cottonwood Draw Unit Area, comprising 3,195 acres, more or less, of State lands in Township 16 South, Range 24 East.

CASE 7147: Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to said well and to applicant's "JX" Well No. 2 located in Unit N.

CASE 7140: (Continued from January 28, 1981, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, 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 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 4063: (Reopened and Readvertised)

In the matter of Case No. 4063 being reopened on the motion of the Oil Conservation Division to consider the abolishment of the special rules and regulations for the Four Mile Draw-Morrow Gas Pool, Eddy County, New Mexico, as promulgated by Order No. R-3698. In the absence of objection said rules will be rescinded.

CASE 7148: Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.

CASE 7149: Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.

CASE 7150: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.

CASE 7151: Application of C & E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location in the NE/4 and a well to be drilled at a previously approved unorthodox location in the NW/4 of said Section 9. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7152: Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 9, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7153: Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 6, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7129: (Continued from January 28, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6670: (Continued from January 14, 1981, Examiner Hearing)

In the matter of Case 6670 being reopened and pursuant to the provisions of Order No. R-6183 which order promulgated temporary special rules and regulations for the Red Hills-Devonian Gas Pool in Lea County, New Mexico, including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 7154: Application of Mobil Producing Texas and New Mexico, Inc. for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Mesaverde formation underlying portions of Townships 26 and 27 North, Ranges 2 and 3 West, containing 13,920 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7134: (Continued and Readvertised)

Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the NW/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Langley "Com" Well No. 1 in Unit C, and the other being the NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.

DOCKET: COMMISSION HEARING - WEDNESDAY - FEBRUARY 18, 1981

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 7155: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 35, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7057: (DE NOVO)

Application of Doyle Hartman for the extension of the vertical limits of the Langlie Mattix Pool. Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Township 24 South, Range 37 East: SE/4 SE/4 of Section 30: 3364 feet; NE/4 SE/4 of Section 30: 3389 feet; and SE/4 SW/4 of Section 20: 3390 feet.

Upon application of ARCO Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7156: Application of Parabo, Inc. for amendment of Order No. R-5516, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5516 which authorized the disposal of produced salt water in unlined surface pits in Section 29, Township 21 South, Range 38 East. Applicant proposes modification of the Commission's requirements for the number, location, and depths of monitor wells, casing and perforating monitor wells, and a change in maximum depths of water permitted in the pits.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-
poration for an unorthodox gas well
location and simultaneous dedication,
Eddy County, New Mexico.

CASE
7147

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

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2

I N D E X

MARK WILSON

Direct Examination by Mr. Dickerson 3

E X H I B I T S

Applicant Exhibit One, Plat	5
Applicant Exhibit Two, Map	8
Applicant Exhibit Three, Contour Map	8
Applicant Exhibit Four, Cross Section	6
Applicant Exhibit Five, Cross Section	10
Applicant Exhibit Six, Cross Section	10

1

2

MR. STAMETS: We'll call next Case 7147,

3

being the application of Yates Petroleum Corporation for an

4

unorthodox gas well location and simultaneous dedication,

5

Eddy County, New Mexico.

6

MR. DICKERSON: Mr. Examiner, I'm Chad

7

Dickerson of Artesia. I have one witness.

8

9

(Witness sworn.)

10

11

MARK WILSON

12

being called as a witness and being duly sworn upon his oath,

13

testified as follows, to-wit:

14

15

DIRECT EXAMINATION

16

BY MR. DICKERSON:

17

Q

Will you state your name and occupation

18

and by whom you're employed, please?

19

A

Mark Wilson. I'm an independent

20

geologist representing Yates Petroleum.

21

Q

Mr. Wilson, have you previously testi-

22

fied before the Commission as a geologist?

23

A

I have.

24

Q

And are you familiar with the application

25

filed in this proceeding?

1

2

A. I am.

3

4

MR. DICKERSON: Mr. Examiner, is the witness qualified?

5

MR. STAMETS: Yes.

6

7

Q Mr. Wilson, in connection with this application have you filed or prepared certain exhibits to which you will refer in your testimony?

9

A. I have.

10

11

12

Q Would you briefly describe the application, the purpose of this application and refer the Examiner to your exhibits as they may apply?

13

14

15

A. Okay. I'll take a minute here to get these unfolded.

16

17

18

19

20

21

22

23

Okay, you might keep Exhibit Four handy there. In Case 7147 Yates Petroleum Corporation, acting as operator of the Rio Penasco Working Interest Unit requests approval for the unorthodox Morrow gas well location of its Rio Penasco "JX" No. 2 to be drilled 1650 feet from the south line and 660 feet from the east line of Section 35, Township 18 South, Range 25 East, in the Boyd Morrow Field, Eddy County, New Mexico. The south half of Section 35 is to be dedicated to this well.

24

25

Since there is already a Morrow well, the "JX" No. 1, located 660 feet from the south and 1980

1
2 feet from the west lines of Section 35 in this spacing unit,
3 we request simultaneous dedication of the south half of Sec-
4 tion 35 to both wells for all Wolfcamp and Pennsylvanian re-
5 servoirs.

6 Q Mr. Wilson, let me ask the Examiner, Mr.
7 Examiner, could application in this proceeding refer to upper
8 horizons?

9 MR. STAMETS: It says Morrow test well.

10 A Yeah.

11 MR. STAMETS: So there --

12 Q Mr. Wilson, is there a substantial
13 likelihood of completion up the hole in these two zones?

14 A It's possible in that "JX" 1 that we
15 could make a well in the Atoka, for instance.

16 MR. DICKERSON: Mr. Examiner, I wonder
17 if it would be possible to readvertise the case to add the
18 upper zones?

19 MR. STAMETS: Uh-huh. Yes, it will be.
20 And, Chad, if you will, -- off the record.

21
22 (There followed a discussion
23 off the record.)
24

25 Q Mr. Wilson, refer to Exhibit Number One,

1
2 please, and describe what it shows.

3 A. Okay. Exhibit One is a land plat showing
4 the proposed "JX" No. 2 location with a red dot. The outline
5 of the Rio Penasco Working Interest Unit is shown in red and
6 the south half of Section 35, 18 South, 25 East, which is to
7 be simultaneously dedicated to both "JX" No. 1 and "JX" No. 2
8 is colored yellow.

9 If you'll refer to the long cross sec-
10 tion now, which is Exhibit Four, I'm going to talk about this
11 "JX" 1 Well, which is the first well on the spacing unit.

12 A compensated neutron formation density
13 log on "JX" No. 1 is shown as well number two on Exhibit Four.
14 This well --

15 Q Mr. Wilson, would you --

16 A. Yes.

17 Q Why don't you just refer to Exhibit
18 Number Two for clarification and point to the Examiner and
19 describe what your Exhibits Four, Five, and Six show with
20 regard to Number Two?

21 A. I wonder if I could go ahead because
22 I'm going to hit this Exhibit Four later. I just right now
23 would want to hit this particular well and what its history
24 is? Would that be all right?

25 Q Okay.

1

2

A. Okay. This well is the discovery well

3

of the Rio Penasco Unit and was completed on 9-20-78 with an

4

initial potential flowing 8.4-million cubic feet of gas a day

5

on 1-1/2 inch choke from perforations 9002 to 9026. This is

6

labeled --- well, you can see the perms there, and it's labeled

7

the old pay zone on the cross section.

8

This is in an Upper Morrow channel sand-

9

stone. To the end of November, 1980, this well produced

10

1,123,951,000 cubic feet of gas plus 1015 barrels of conden-

11

sate. It was necessary on June 11th, 1980, to place a com-

12

pressor on this well to buck the line pressure of about 400

13

to 500 pounds.

14

The well is now in a very advanced state

15

of depletion. For instance, in November it produced 740,000

16

cubic feet of gas, and Yates Petroleum is preparing to squeeze

17

the old producing perforations, 9002 to 9026, and recomplete

18

at 8964 to 65 --- 69, and 8924 to 28 in two thin Upper Morrow

19

sandstones. Those are also shown there on well two on the

20

cross section labeled probable new pay zones.

21

Very limited production is expected from

22

these reservoirs because an indicated bottom hole pressure

23

decline during a drill stem test covered these sandstones,

24

plus the main reservoir sandstones at 9002 to 26.

25

Q.

Now would you like to refer to Exhibit

1
2 Number Two, Mr. Wilson, and describe what it shows?

3 A Exhibit Two is a thickness map, contour
4 interval 50 feet, of the total Morrow series of the Pennsyl-
5 vanian system. The economically important geologic features
6 shown on this map are three prominent alluvial valleys cut
7 into the nonresistant Chester shale and locally into the
8 underlying Chester limestone.

9 The Rio Penasco Unit outlined in red in-
10 cludes the area of juncture of two of these alluvial valleys,
11 the North and Northwest Penasco Valleys. The proposed "JX" 2
12 wellsite lies at the south end of the North Penasco Valley
13 and is positioned to encounter channel sandstone reservoirs
14 related to this valley.

15 Q Mr. Wilson, refer to Exhibit Number Three,
16 please, and describe what it shows.

17 A Exhibit Three shows structure contours,
18 contour interval 50 feet, at the top of the Atoka series.
19 Structure in the area consists of regional dip to the south-
20 east.

21 Q Now, Mr. Wilson, refer to Exhibit Number
22 Four and describe what it shows.

23 A Enclosure -- excuse me, Exhibit Four is
24 a north/south stratigraphic cross section through wells in
25 the Rio Penasco Unit and southward. The location of this

cross section is shown on Exhibit Two, which is the Isopach map.

The left end is the north end of the cross section; datum is the top of the Morrow series; the base of the Morrow is an irregular erosional surface on the Chester shale or the Chester limestone. The Morrow facies consists of an alluvial valley sequence consisting of meander belt sandstones and overbank shales.

The most extensive pay zone labeled the Rio Penasco main pay, is a north/south trending meander belt sandstone related to the North Penasco alluvial valley, shown on enclosure two. This sandstone is immediately underlain by a thinner meander belt sandstone. Otherwise, each well has encountered a complex variety of narrow meander belt sandstones. Briefly, it is apparent that each well has encountered a series of meander belt sandstones quite different from the next. This might be anticipated from the fact that two alluvial valleys converge in the area.

It can further be surmised that 320-acre spacing is inadequate to penetrate and drain all possible reservoirs. We therefor feel further drilling and closer spacing is necessary to produce all the gas in the complex alluvial system and that unorthodox drill sites, such as the "JX" No. 2, will be required in some cases.

1
2 Q Mr. Wilson, please refer to Exhibit
3 Number Five and describe what it shows.

4 A Exhibit Number Five is an east/west
5 stratigraphic cross section across the Rio Penasco alluvial
6 complex, showing a well on the east and west banks and the
7 "KD" 2, which has the thicker sequence of alluvial sandstones
8 yet penetrated. All the sands in this well are gas-bearing.

9 The "JX" 2 drill site is situated to
10 encounter Upper Morrow channel sandstones between the levels
11 perforated on Wells Nos. 2 and 3.

12 Q Please refer to Exhibit Number Six and
13 describe what it shows.

14 A Enclosure Six is an east/west strati-
15 graphic cross section across the north part of the North
16 Penasco alluvial valley, and again the location is shown on
17 Enclosure Two. It's right up to the north there in the south
18 part of 17 South, 25 East.

19 That happens to be the only place that
20 we've got a well right square in the axis of that valley.

21 Both Upper and Lower Morrow channel
22 sandstones are shown to be present in the valley in this
23 line of cross section. It is expected that concentration of
24 such sandstones can be expected in the "JX" No. 2 near the
25 juncture of this valley with the Northwest Penasco Valley.

1 To summarize, the proposed "JX" 2 drill
2 site will, one, explore for as yet undrilled alluvial sand-
3 stone reservoirs associated with the North Penasco alluvial
4 valley near its juncture with the Northwest Penasco alluvial
5 valley.
6

7 Secondly, to examine the possibilities
8 that additional drilling in the North Penasco Unit, which is
9 shown with the lavender outline on the first three enclosures
10 in that unit to include Sections 14 and 23.

11 And three, it will better exploit gas-
12 bearing sandstones under unit acreage and protect from drain-
13 age from wells not in the unit, thus protecting correlative
14 rights.

15 Four, it will determine if closer
16 spacing than 320 acres is required to produce the gas in these
17 narrow alluvial sandstone reservoirs.

18 Q Mr. Wilson, were Exhibits Number One
19 through Six prepared by you?

20 A All of them were.

21 MR. DICKERSON: Mr. Examiner, I move
22 admission of Exhibits One through Six.

23 MR. STAMETS: These exhibits will be
24 admitted.

25 Q Mr. Wilson, in your opinion would the

1
2 granting of this application be in the interest of conserva-
3 tion, the prevention of waste, and the protection of corre-
4 lative rights?

5 A It is.

6 MR. DICKERSON: That concludes our case,
7 Mr. Examiner.

8 MR. STAMETS: Mr. Wilson, I would assume
9 from what you said that even though the prime target here is
10 Morrow, that you would expect a good chance of finding other
11 productive zones in Upper Penn sequences?

12 A Yes, that's correct. There are possibi-
13 lities for production in Atoka sands, for instance, and also
14 there have been shows in the area in the Wolfcamp.

15 MR. STAMETS: So there would be good
16 reason to approve the full Penn section in this well?

17 A Yes.

18 MR. STAMETS: Any other questions of
19 the witness? He may be excused.

20 Anything further in this case?

21 The case will be readvertised and taken
22 under advisement on the basis of the readvertisement.

23 MR. DICKERSON: Thank you.

24
25 (Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the examiner hearing of Case No. _____, heard by me on _____, 19____.

_____, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-
poration for an unorthodox gas well
location and simultaneous dedication,
Eddy County, New Mexico.

CASE
7147

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

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I N D E X

MARK WILSON

Direct Examination by Mr. Dickerson

3

E X H I B I T S

Applicant Exhibit One, Plat

5

Applicant Exhibit Two, Map

8

Applicant Exhibit Three, Contour Map

8

Applicant Exhibit Four, Cross Section

6

Applicant Exhibit Five, Cross Section

10

Applicant Exhibit Six, Cross Section

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1
2 MR. STAMETS: We'll call next Case 7147,
3 being the application of Yates Petroleum Corporation for an
4 unorthodox gas well location and simultaneous dedication,
5 Eddy County, New Mexico.

6 MR. DICKERSON: Mr. Examiner, I'm Chad
7 Dickerson of Artesia. I have one witness.

8
9 (Witness sworn.)

10
11 MARK WILSON

12 being called as a witness and being duly sworn upon his oath,
13 testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. DICKERSON:

17 Q Will you state your name and occupation
18 and by whom you're employed, please?

19 A Mark Wilson. I'm an independent
20 geologist representing Yates Petroleum.

21 Q Mr. Wilson, have you previously testi-
22 fied before the Commission as a geologist?

23 A I have.

24 Q And are you familiar with the application
25 filed in this proceeding?

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A. I am.

MR. DICKERSON: Mr. Examiner, is the witness qualified?

MR. STAMETS: Yes.

Q. Mr. Wilson, in connection with this application have you filed or prepared certain exhibits to which you will refer in your testimony?

A. I have.

Q. Would you briefly describe the application, the purpose of this application and refer the Examiner to your exhibits as they may apply?

A. Okay. I'll take a minute here to get these unfolded.

Okay, you might keep Exhibit Four handy there. In Case 7147 Yates Petroleum Corporation, acting as operator of the Rio Penasco Working Interest Unit requests approval for the unorthodox Morrow gas well location of its Rio Penasco "JX" No. 2 to be drilled 1650 feet from the south line and 660 feet from the east line of Section 35, Township 18 South, Range 25 East, in the Boyd Morrow Field, Eddy County, New Mexico. The south half of Section 35 is to be dedicated to this well.

Since there is already a Morrow well, the "JX" No. 1, located 660 feet from the south and 1980

1
2 feet from the west lines of Section 35 in this spacing unit,
3 we request simultaneous dedication of the south half of Sec=
4 tion 35 to both wells for all Wolfcamp and Pennsylvanian re=
5 servoirs.

6 Q Mr. Wilson, let me ask the Examiner, Mr.
7 Examiner, could application in this proceeding refer to upper
8 horizons?

9 MR. STAMETS: It says Morrow test well.

10 A Yeah.

11 MR. STAMETS: So there --

12 Q Mr. Wilson, is there a substantial
13 likelihood of completion up the hole in these two zones?

14 A It's possible in that "JX" 1 that we
15 could make a well in the Atoka, for instance.

16 MR. DICKERSON: Mr. Examiner, I wonder
17 if it would be possible to readvertise the case to add the
18 upper zones?

19 MR. STAMETS: Uh-huh. Yes, it will be.
20 And, Chad, if you will, -- off the record.

21
22 (There followed a discussion
23 off the record.)

24
25 Q Mr. Wilson, refer to Exhibit Number One,

1
2 please, and describe what it shows.

3 A Okay. Exhibit One is a land plat showing
4 the proposed "JX" No. 2 location with a red dot. The outline
5 of the Rio Penasco Working Interest Unit is shown in red and
6 the south half of Section 35, 18 South, 25 East, which is to
7 be simultaneously dedicated to both "JX" No. 1 and "JX" No. 2
8 is colored yellow.

9 If you'll refer to the long cross sec-
10 tion now, which is Exhibit Four, I'm going to talk about this
11 "JX" 1 Well, which is the first well on the spacing unit.

12 A compensated neutron formation density
13 log on "JX" No. 1 is shown as well number two on Exhibit Four.
14 This well --

15 Q Mr. Wilson, would you --

16 A Yes.

17 Q Why don't you just refer to Exhibit
18 Number Two for clarification and point to the Examiner and
19 describe what your Exhibits Four, Five, and Six show with
20 regard to Number Two?

21 A I wonder if I could go ahead because
22 I'm going to hit this Exhibit Four later. I just right now
23 would want to hit this particular well and what its history
24 is? Would that be all right?

25 Q Okay.

1

2

A. Okay. This well is the discovery well

3

of the Rio Penasco Unit and was completed on 9-20-78 with an

4

initial potential flowing 8.4-million cubic feet of gas a day

5

on 1-1/2 inch choke from perforations 9002 to 9026. This is

6

labeled -- well, you can see the perms there, and it's labeled

7

the old pay zone on the cross section.

8

This is in an Upper Morrow channel sand-

9

stone. To the end of November, 1980, this well produced

10

1,123,951,000 cubic feet of gas plus 1015 barrels of conden-

11

sate. It was necessary on June 11th, 1980, to place a com-

12

pressor on this well to buck the line pressure of about 400

13

to 500 pounds.

14

The well is now in a very advanced state

15

of depletion. For instance, in November it produced 740,000

16

cubic feet of gas, and Yates Petroleum is preparing to squeeze

17

the old producing perforations, 9002 to 9026, and recomplete

18

at 8964 to 65 -- 69, and 8924 to 28 in two thin Upper Morrow

19

sandstones. Those are also shown there on well two on the

20

cross section labeled probable new pay zones.

21

Very limited production is expected from

22

these reservoirs because an indicated bottom hole pressure

23

decline during a drill stem test covered these sandstones,

24

plus the main reservoir sandstones at 9002 to 26.

25

Q

Now would you like to refer to Exhibit

Number Two, Mr. Wilson, and describe what it shows?

A. Exhibit Two is a thickness map, contour interval 50 feet, of the total Morrow series of the Pennsylvanian system. The economically important geologic features shown on this map are three prominent alluvial valleys cut into the nonresistant Chester shale and locally into the underlying Chester limestone.

The Rio Penasco Unit outlined in red includes the area of juncture of two of these alluvial valleys, the North and Northwest Penasco Valleys. The proposed "JX" 2 wellsite lies at the south end of the North Penasco Valley and is positioned to encounter channel sandstone reservoirs related to this valley.

Q. Mr. Wilson, refer to Exhibit Number Three, please, and describe what it shows.

A. Exhibit Three shows structure contours, contour interval 50 feet, at the top of the Atoka series. Structure in the area consists of regional dip to the southeast.

Q. Now, Mr. Wilson, refer to Exhibit Number Four and describe what it shows.

A. Enclosure -- excuse me, Exhibit Four is a north/south stratigraphic cross section through wells in the Rio Penasco Unit and southward. The location of this

1
2 cross section is shown on Exhibit Two, which is the Isopach
3 map.

4 The left end is the north end of the
5 cross section; datum is the top of the Morrow series; the
6 base of the Morrow is an irregular erosional surface on the
7 Chester shale or the Chester limestone. The Morrow facies
8 consists of an alluvial valley sequence consisting of meander
9 belt sandstones and overbank shales.

10 The most extensive pay zone labeled the
11 Rio Penasco main pay, is a north/south trending meander belt
12 sandstone related to the North Penasco alluvial valley, shown
13 on enclosure two. This sandstone is immediately underlain
14 by a thinner meander belt sandstone. Otherwise, each well
15 has encountered a complex variety of narrow meander belt
16 sandstones. Briefly, it is apparent that each well has en-
17 countered a series of meander belt sandstones quite different
18 from the next. This might be anticipated from the fact that
19 two alluvial valleys converge in the area.

20 It can further be surmised that 320-acre
21 spacing is inadequate to penetrate and drain all possible
22 reservoirs. We therefore feel further drilling and closer
23 spacing is necessary to produce all the gas in the complex
24 alluvial system and that unorthodox drill sites, such as the
25 "JX" No. 2, will be required in some cases.

Q Mr. Wilson, please refer to Exhibit Number Five and describe what it shows.

A Exhibit Number Five is an east/west stratigraphic cross section across the Rio Penasco alluvial complex, showing a well on the east and west banks and the "KD" 2, which has the thicker sequence of alluvial sandstones yet penetrated. All the sands in this well are gas-bearing.

The "JX" 2 drill site is situated to encounter Upper Morrow channel sandstones between the levels perforated on Wells Nos. 2 and 3.

Q Please refer to Exhibit Number Six and describe what it shows.

A Enclosure Six is an east/west stratigraphic cross section across the north part of the North Penasco alluvial valley, and again the location is shown on Enclosure Two. It's right up to the north there in the south part of 17 South, 25 East.

That happens to be the only place that we've got a well right square in the axis of that valley.

Both Upper and Lower Morrow channel sandstones are shown to be present in the valley in this line of cross section. It is expected that concentration of such sandstones can be expected in the "JX" No. 2 near the juncture of this valley with the Northwest Penasco Valley.

1
2 To summarize, the proposed "JX" 2 drill
3 site will, one, explore for as yet undrilled alluvial sand-
4 stone reservoirs associated with the North Penasco alluvial
5 valley near its juncture with the Northwest Penasco alluvial
6 valley.

7 Secondly, to examine the possibilities
8 that additional drilling in the North Penasco Unit, which is
9 shown with the lavender outline on the first three enclosures
10 in that unit to include Sections 14 and 23.

11 And three, it will better exploit gas-
12 bearing sandstones under unit acreage and protect from drain-
13 age from wells not in the unit, thus protecting correlative
14 rights.

15 Four, it will determine if closer
16 spacing than 320 acres is required to produce the gas in these
17 narrow alluvial sandstone reservoirs.

18 Q Mr. Wilson, were Exhibits Number One
19 through Six prepared by you?

20 A All of them were.

21 MR. DICKERSON: Mr. Examiner, I move
22 admission of Exhibits One through Six.

23 MR. STAMETS: These exhibits will be
24 admitted.

25 Q Mr. Wilson, in your opinion would the

1
2 granting of this application be in the interest of conserva-
3 tion, the prevention of waste, and the protection of corre-
4 lative rights?

5 A. It is.

6 MR. DICKERSON: That concludes our case,
7 Mr. Examiner.

8 MR. STAMETS: Mr. Wilson, I would assume
9 from what you said that even though the prime target here is
10 Morrow, that you would expect a good chance of finding other
11 productive zones in Upper Penn sequences?

12 A. Yes, that's correct. There are possibi-
13 lities for production in Atoka sands, for instance, and also
14 there have been shows in the area in the Wolfcamp.

15 MR. STAMETS: So there would be good
16 reason to approve the full Penn section in this well?

17 A. Yes.

18 MR. STAMETS: Any other questions of
19 the witness? He may be excused.

20 Anything further in this case?

21 The case will be readvertised and taken
22 under advisement on the basis of the readvertisement.

23 MR. DICKERSON: Thank you.

24
25 (Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. 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. 7147
heard by me on 3-11-81.

Richard L. Hamitt Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Dockets Nos. 12-81 and 13-81 are tentatively set for March 25 and April 8, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1981

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7176: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marjory M. Grier, U. S. Casualty Company of New York, and all other interested parties to appear and show cause why the Red Mountain Wells Nos. 6, 7, and 10, all located in Unit B of Section 29, Township 20 North, Range 9 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7177: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Henry S. Birdseye and all other interested parties to appear and show cause why the State Well No. 10-2 in Unit C of Section 10, Township 19 North, Range 10 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7178: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Noland and Wells and all other interested parties to appear and show cause why the Reinhardt Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7179: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit "26" Oil Company and all other interested parties to appear and show cause why the Jackson Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7180: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vincent and Goodrum and all other interested parties to appear and show cause why the Refinery Hare Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7181: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hernandez Draw Unit Area, comprising 2,560 acres, more or less, of Federal, State, and Fee lands in Townships 4 and 5 South, Ranges 26 and 27 East.

CASE 7182: Application of Wiser Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Domes A Well No. 5 to be drilled in the approximate center of the SW/4 of Section 32, Township 21 South, Range 37 East, Penrose Skelly Pool.

CASE 7183: Application of Flag-Redfern Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Osudo St. Com Well No. 2 at an unorthodox location 990 feet from the North and East lines of Section 18, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool.

CASE 7147: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test all Pennsylvanian formations to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East. the S/2 of said Section 35 to be dedicated to said well and to applicant's "JX" Well No. 2 located in Unit N.

CASE 7184: Application of Harvey E. Yates Company 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 E/2 of Section 13, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7185: Application of El Paso Exploration Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its Turner Hughes Well No. 17 located in Unit H of Section 10, Township 27 North, Range 9 West.

CASE 7161: (Continued from February 25, 1981, Examiner Hearing)

Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7164: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7165: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7175: (Continued from February 25, 1981, Examiner Hearing)

Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7186: Application of Sun Texas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the interval from 10,856 feet to 11,370 feet in its State C Account 1 Well No. 3 in Unit L of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool.

CASE 7187: Application of Blackwood & Nichols Co., Ltd. for four non-standard proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four Fruitland and Pictured Cliffs non-standard gas proration units: a 185.68-acre unit comprising the SW/4 of Section 1, Township 31 North, Range 7 West; a 181.4-acre unit comprising the SE/4 of said Section 1; a 176.68-acre unit comprising the SW/4 of Section 6, Township 31 North, Range 6 West; and a 175.21-acre unit comprising the SE/4 of said Section 6. All units are to be dedicated to wells drilled at standard locations thereon.

CASE 7188: Application of Blackwood & Nichols Co., Ltd. for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 26-A, the surface location of which is 1150 feet from the North line and 60 feet from the West line of Section 8, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1190 feet from the North line and 790 feet from the West line of said Section 8, the W/2 of the section to be dedicated to the well; applicant further seeks authority to drill its Northeast Blanco Unit Well No. 32-A, the surface location of which is 1450 feet from the North line and 990 feet from the East line of Section 7, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1850 feet from the South line and 990 feet from the East line of said Section 7, the E/2 of the section to be dedicated to the well.

CASE 7170: (Continued from February 25, 1981, Examiner Hearing)

Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

CASE 7189: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Conoco 7 State Well No. 1 in Unit N of Section 7, Township 19 South, Range 29 East.

CASE 7190: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka formation for its Conoco 10 State Com. Well No. 1 in Unit I of Section 10, Township 19 South, Range 29 East.

CASE 7191: Application of Southland Royalty Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location in the Potash-Oil Area of its State "14-A" Com. Well No. 1 1325 feet from the North line and 2303 feet from the East line of Section 14, Township 19 South, Range 29 East, Turkey Track Field.

CASE 7192: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway A State Com. Well No. 1 in Unit H of Section 15, Township 19 South, Range 29 East.

CASE 7193: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Com. Well No. 1 in Unit E of Section 14, Township 19 South, Range 29 East.

CASE 7194: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway State Well No. 1 located in Unit K of Section 15, Township 19 South, Range 29 East.

CASE 7195: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Well No. 1-A in Unit B of Section 14, Township 19 South, Range 29 East.

CASE 7196: Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 28 East, Pennsylvanian formation, the N/2 of said Section 15 to be dedicated to the well.

CASE 7153: (Readvertised)

Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 8, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7197: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Bilbrey-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 32 State Com Well No. 1 located in Unit G of Section 32, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 32: E/2

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the East Grama Ridge-Strawn Gas Pool. The discovery well is Minerals, Inc. Llano "3" State Com Well No. 1 located in Unit H of Section 3, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 3: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Lera-Morrow Gas Pool. The discovery well is John L. Cox Proctor Well No. 1 located in Unit D of Section 7, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM
Section 7: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Triste Draw-Wolfcamp Pool. The discovery well is Getty Oil Company State 29 J Well No. 1 located in Unit J of Section 29, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 29: SE/4

(e) EXTEND the Airstrip-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 36: NW/4

(f) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 30: NW/4

(g) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 1: SE/4 SW/4

(h) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 13: SW/4 SW/4

(i) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 10: NE/4

(j) EXTEND the vertical limits of the Comanche Stateline Tansill-Yates-Seven Rivers Pool in Lea County, New Mexico, to include the Queen formation and redesignate said pool to Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 27: SW/4

(k) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 26: NW/4
Section 27: S/2 NE/4

(l) EXTEND the Diablo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 22: W/2 SW/4 and SW/4 NW/4
Section 27: NW/4 NW/4

- (m) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy and Chaves Counties, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 34: S/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 15: N/2
Section 16: N/2

- (n) EXTEND the Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 6: Lots 1, 2, 7, 8, 9, 10,
15 and 16

- (o) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2
Section 28: All

- (p) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 8: E/2
Section 9: W/2
Section 16: W/2
Section 17: All

- (q) EXTEND the Kemnitz-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 23: W/2

- (r) EXTEND the L.E. Ranch-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 29: S/2 NW/4
Section 30: S/2 NE/4

- (s) EXTEND the Linda-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 30: NW/4 SE/4 and SW/4 NE/4

- (t) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 24: S/2

- (u) EXTEND the East Millman-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 22: W/2 SE/4
Section 27: NW/4 NE/4 and NE/4 NW/4

- (v) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 14: All

- (w) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 30: S/2
Section 31: All

- (x) EXTEND the Penasco Draw Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 2: E/2

(y) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 35: SW/4, SW/4

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 2: W/2 NW/4

(z) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 10: SE/4
Section 11: SW/4

(aa) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 29 EAST, NMPM
Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 12: N/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 6: N/2 N/2

(bb) EXTEND the Warren-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 29: SE/4
Section 32: E/2

(cc) EXTEND the Weir-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 15: NE/4

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. 7147
Order No. R-6621

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
WELL LOCATION AND SIMULTANEOUS
DEDICATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 11, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of March, 1981, 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 approval of an unorthodox Pennsylvanian gas well location for a well to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.
- (3) That the applicant further seeks to simultaneously dedicate the S/2 of said Section 35 to the above-described well and to its "JX" Well No. 1 located in Unit N of said Section 35, both in the Boyd-Morrow Gas Pool, Eddy County, New Mexico.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location or simultaneous dedication.

-2-

Case No. 7147
Order No. R-6621

(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(s), 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 Yates Petroleum Corporation is hereby authorized an unorthodox Pennsylvanian gas well location 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 35 shall be simultaneously dedicated to said well and to applicant's "JX" Well No. 1 located in Unit N of said Section 35 in the Boyd-Morrow Gas Pool.

(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


S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 March 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-
poration for an unorthodox gas well
location and simultaneous dedication,
Eddy County, New Mexico.

CASE
7147

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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MR. STAMETS: Call at this time Case
7184. I'm sorry, 7147.

This case was originally heard at the
February 11th Examiner Hearing and has been readvertised to
include the entire Pennsylvanian section. We heard testi-
mony that day.

Is there any additional testimony in
this case?

If there is none I would point out one
error in the docket on the last full line. The well there
is identified as Applicant's "JX" No. 2, and that should be
Well No. 1 and we will make that change when the order is
issued.

If there is nothing further Case 7147
will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7709

I do hereby certify that the foregoing is
a complete and true transcript of the proceedings in
the Examination of Case No. 7/47
heard by me on 3-11 198.
Richard P. Stum, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 March 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-
poration for an unorthodox gas well
location and simultaneous dedication,
Eddy County, New Mexico.

CASE

7147

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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MR. STAMETS: Call at this time Case
7194. I'm sorry, 7147.

This case was originally heard at the
February 11th Examiner Hearing and has been readvertised to
include the entire Pennsylvanian section. We heard testi-
mony that day.

Is there any additional testimony in
this case?

If there is none I would point out one
error in the docket on the last full line. The well there
is identified as Applicant's "JX" No. 2, and that should be
Well No. 1 and we will make that change when the order is
issued.

If there is nothing further Case 7147
will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the examination of _____
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

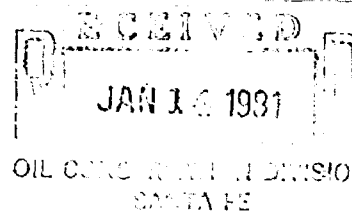
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A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON
DAVID R. VANDIVER

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

AREA CODE 505
746-3508

January 13, 1981



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

Dear Mr. Ramey:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that you furnish us with a docket of said hearing.

Please dismiss Case No. 7114 set for the Examiner Hearing of January 14, 1981.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.


Chad Dickerson

CD:pvm
Enclosures

cc w/enclosure: Mr. Ray Beck
Mr. Mark D. Wilson

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

JAN 16 1961
OIL CONSERVATION DIVISION
SANTA FE

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

CASE NO. 7147

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 18 South, Range 25 East, N.M.P.M.

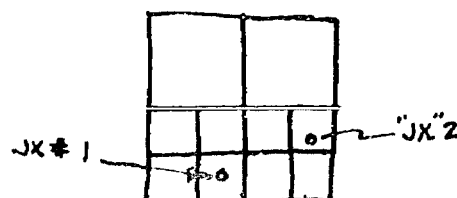
Section 35: S/2

and proposes to drill its Rio Penasco "JX" No. 2 Well at a point located 1,650 feet from the south line and 660 feet from the east line of Section 35. Applicant is the operator of the Rio Penasco "JX" No. 1 Well, located 1,980 feet from the west line and 660 feet from the south line of said Section 35. The S/2 of said section is dedicated to the well.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the



drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:


A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its Rio Penasco "JX" No. 2 Well 1,650 feet from the south line and 660 feet from the east line of said Section 35, and to dedicate the S/2 of Section 35, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By:


Chad Dickerson

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

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION

JAN 1 1931

OF THE STATE OF NEW MEXICO

OIL CONSERVATION DIVISION
STATE

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

CASE NO. 2147

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 18 South, Range 25 East, N.M.P.M.

Section 35: S/2

and proposes to drill its Rio Penasco "JX" No. 2 Well at a point located 1,650 feet from the south line and 660 feet from the east line of Section 35. Applicant is the operator of the Rio Penasco "JX" No. 1 Well, located 1,980 feet from the west line and 660 feet from the south line of said Section 35. The S/2 of said section is dedicated to the well.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the

drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its Rio Penasco "JX" No. 2 Well 1,650 feet from the south line and 660 feet from the east line of said Section 35, and to dedicate the S/2 of Section 35, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By:

Chad Dickerson

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

Attorneys for Applicant

RECEIVED
BEFORE THE OIL CONSERVATION DIVISION 14 1937

OF THE STATE OF NEW MEXICO. DIVISION
DATE

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

CASE NO. 2147

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

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

Township 18 South, Range 25 East, N.M.P.M.

Section 35: S/2

and proposes to drill its Rio Penasco "JX" No. 2 Well at a point located 1,650 feet from the south line and 660 feet from the east line of Section 35. Applicant is the operator of the Rio Penasco "JX" No. 1 Well, located 1,980 feet from the west line and 660 feet from the south line of said Section 35. The S/2 of said section is dedicated to the well.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 35 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the

drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its Rio Penasco "JX" No. 2 Well 1,650 feet from the south line and 660 feet from the east line of said Section 35, and to dedicate the S/2 of Section 35, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By: _____
Chad Dickerson

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

Attorneys for Applicant

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. 7147

ORDER No. R- 6621

APPLICATION OF YATES PETROLEUM CORPORATION

FOR AN UNORTHODOX WELL LOCATION AND
EDDY
SIMULTANEOUS DEDICATION, ~~K&A~~ COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 11,
19 81, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of February, 19 81, 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,
^{Pennsylvanian}
seeks approval of an unorthodox gas well location for ~~xxx~~ a well
to be drilled 1650 feet from the South line and 660 feet from the
East line of ~~located~~ located ~~xxxxxx~~ feet from the ~~line of~~ line of

~~xxxxxx~~ xxxxxx ~~line and~~ line and ~~xxxxxx~~ feet from the ~~line of~~ line of

Section 35, Township 18 South, Range 25 East, NMPM,
Pool, Eddy County, New Mexico.

~~(1) That the~~

(3) That the applicant further seeks to simultaneously dedicate the S/2 of said Section 35 to the above-described well and to its "JX" Well No. 1

located in Unit N of said Section 35 ¹⁰ in the Boyd-Morrow Gas Pool, Eddy County, New Mexico

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location ^{or} and simultaneous dedication.

(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, ⁽⁵⁾ 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 Yates Petroleum Corporation is hereby authorized ~~to drill its well~~ ^{an} unorthodox location ^{Penetration gas well} 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, NMPM, Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 35 shall be ~~dedicated to said well and shall be~~ ^{dedicated to said well and shall be} simultaneously dedicated to the above-described well and to applicant's "JX" Well No. 1 located in Unit N of said Section 35 in the Boyd-Morrow Gas Pool.

(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.