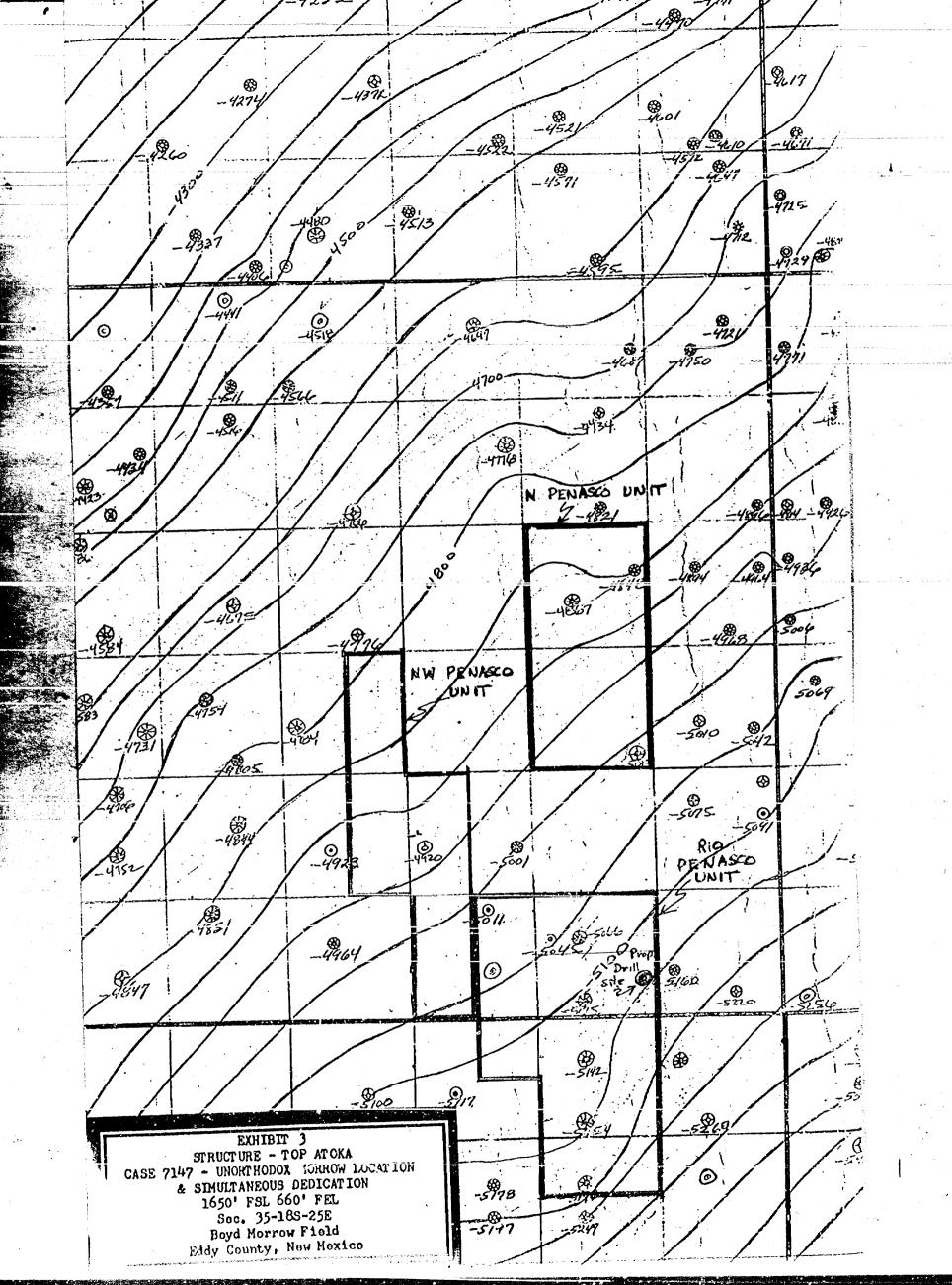
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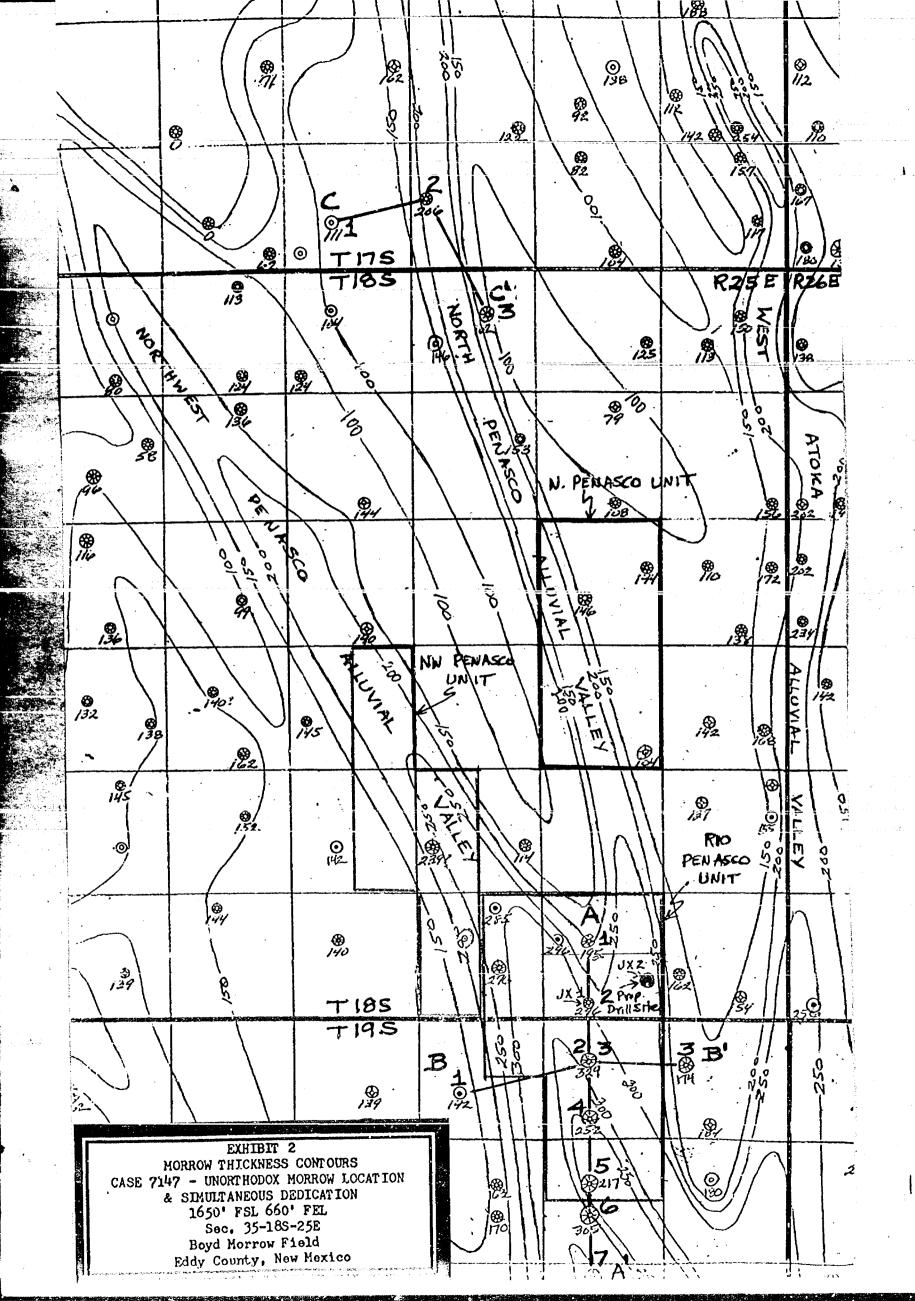
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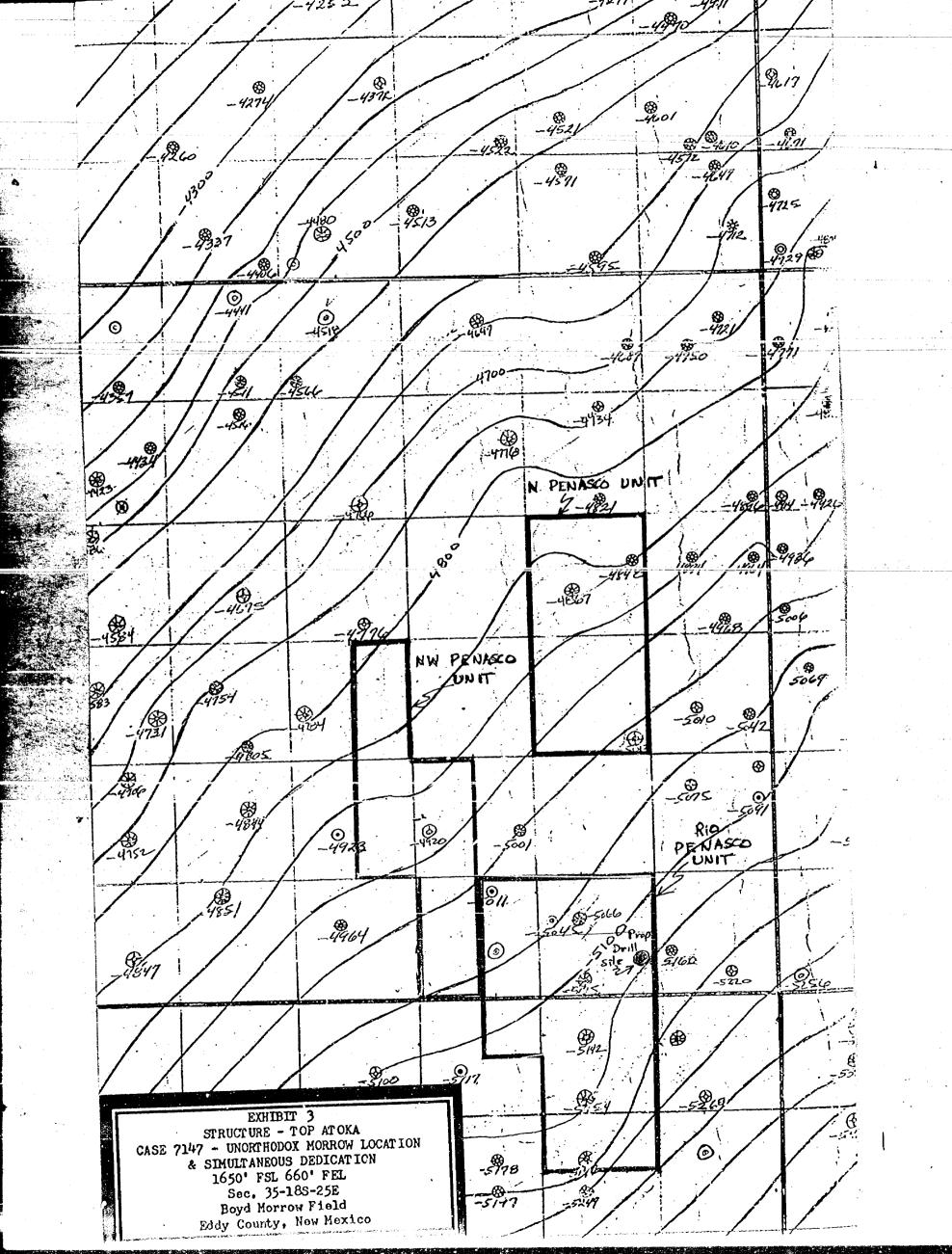
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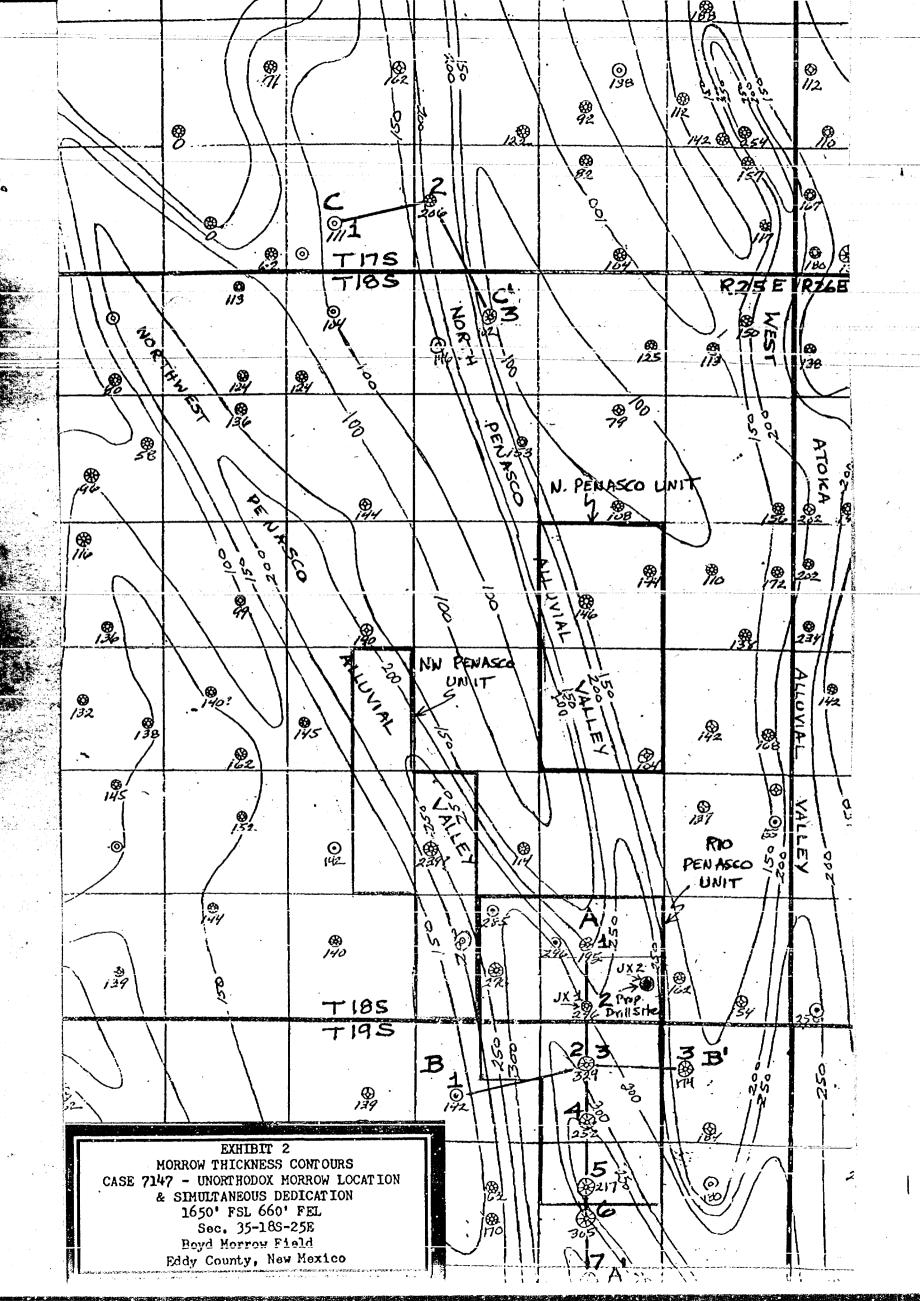
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CASE 7147 - UNORTHODOX MORROW LOCATION	وْزَيَّ)
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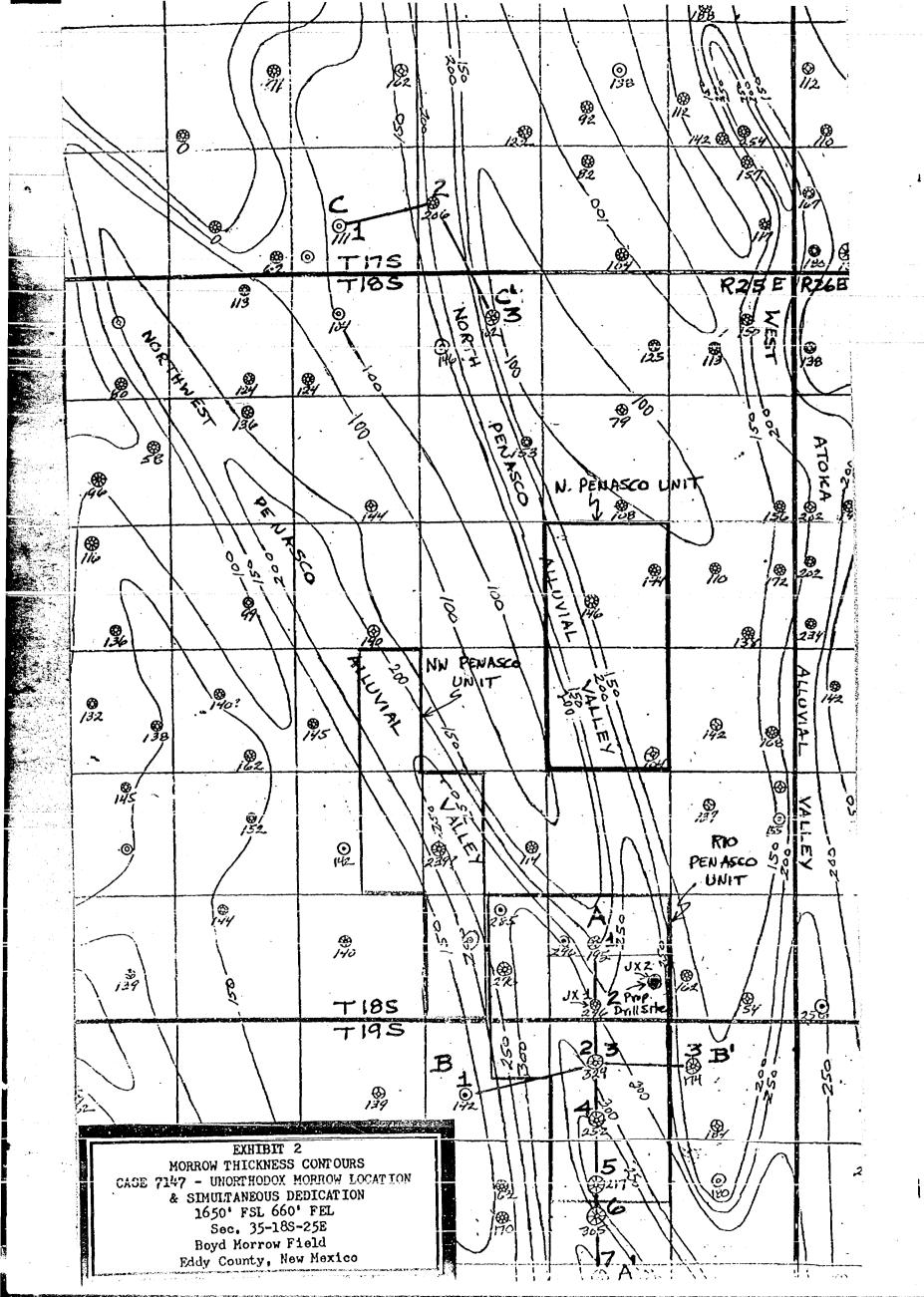


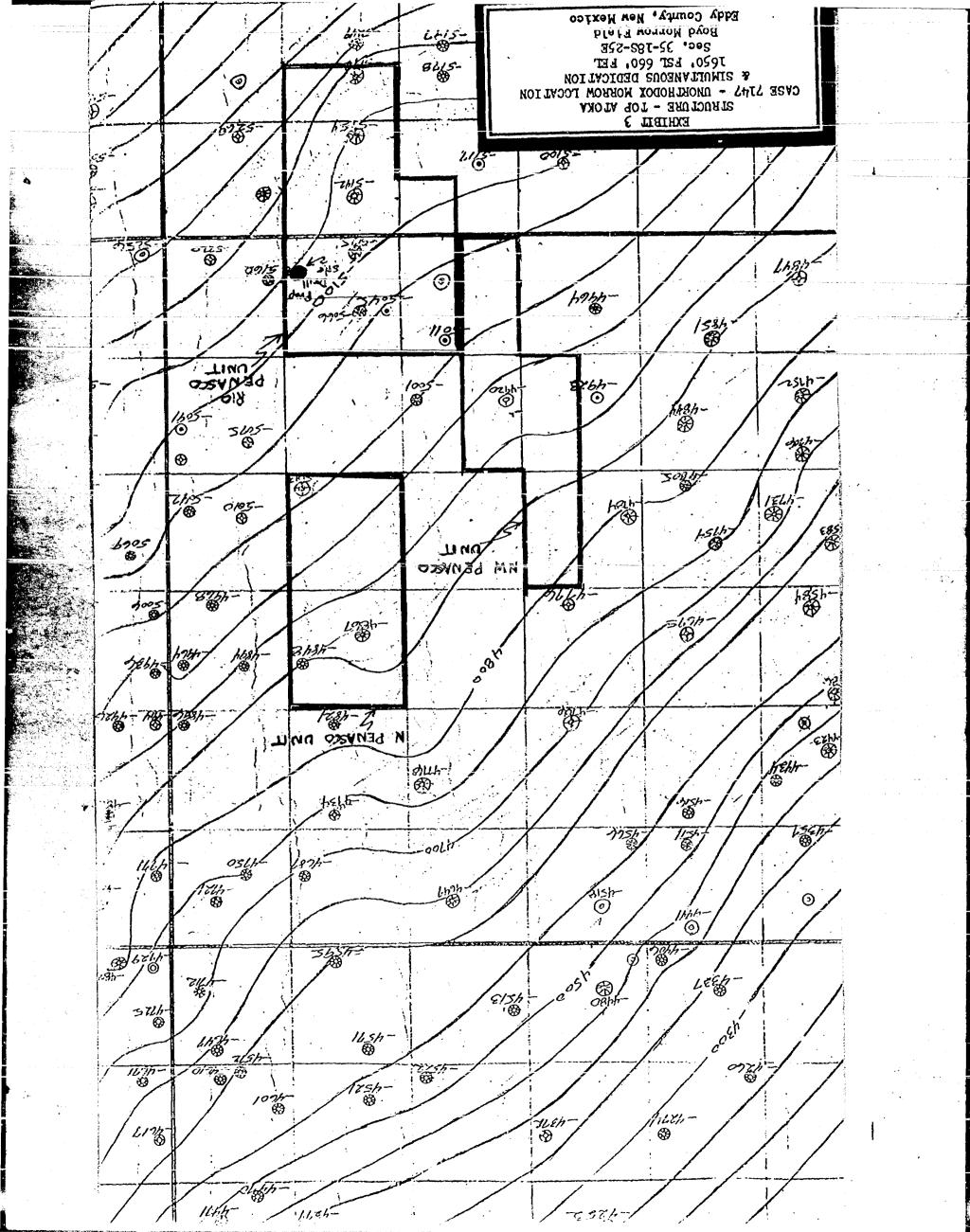


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Dockets Nos. 7-81 and 8-81 are tentatively set for February 25 and March 11, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

### 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 Cotionwood 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 Fetroleum 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

CASE 4063: (Reopened and Readvertised)

involved in drilling said well.

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 Nile 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 Gil 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.
- 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 upwar! extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, unserlying Unit 0 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 oit 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 NH/4 of said Section 9. Also to be considered will be the cost of drilling and completing aid 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 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 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, Irc. 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 REARING - 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.

Les County, New Maxico. 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
SM/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.

Page
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 February 1981
EXAMINER HEARING
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IN THE MATTER OF:

Application of Yates Petroleum Corporation for an unorthodox gas well ) location and simultaneous dedication;) Eddy County, New Mexico.

CASE 7147

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

APPEARANCES

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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4	MARK WILSON	
5	Direct Examination by Mr. Dickerson	3
6	Direct Examination by Mr. Dickerson	3
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12	EXHIBITS	¥
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[	Applicant Exhibit One, Plat	5
15	Applicant Exhibit Two, Map	8
16	Applicant Exhibit Three, Contour Map	8
17	Applicant Exhibit Four, Cross Section	6
18	Applicant Exhibit Five, Cross Section	10
19	Applicant Exhibit Six, Cross Section	10
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1	3
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
<b>7</b>	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 path,
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.
7.1	ρ 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?

3

I am.

MR. DICKERSON: Mr. Examiner, is the

witness qualified?

MR. STAMETS: Yes.

7

Mr. Wilson, in connection with this

application have you filed or prepared certain exhibits to

which you will refer in your testimony?

I have.

10

Would you briefly describe the applica-

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tion, the purpose of this application and refer the Examiner

to your exhibits a sthey may apply?

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

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these unfolded.

be dedicated to this well.

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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

Since there is already a Morrow well,

25

the "JX" No. 1, located 660 feet from the south and 1980

1	5
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	λ. Yeah.
11	MR. STAMENS: So there
12	0 Mr. Wilson, is there a substantial
13	likelihood of completion up the hole in these two zones?
14	λ It's possible in that "JX" l 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	Mr. Wilson, refer to Exhibit Number One
20	y. The manday house to manda tour

please, and describe what it shows.

M. Ckay. Exhibit One is a land plat showing the proposed "JX" No. 2 location with a red dot. The outline of the Rio Penasco Working Interest Unit is shown in red and the south half of Section 35, 18 South, 25 East, which is to be simultaneously dedicated to both "JX" No. 1 and "JX" No. 2 is colored wellow.

If you'll refer to the long cross section now, which is Fxhibit Four, I'm going to talk about this "JX" l Well, which is the first well on the spacing unit.

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

Mr. Wilson, would you --

A. Yes.

Why don't you just refer to Exhibit

Number Two for clarification and point to the Examiner and describe what your Exhibits Four, Five, and Six show with regard to Number Two?

A. I wonder if I could go ahead because

I'm going to hit this Exhibit Four later. I just right now
would want to hit this particular well and what its history
is? Would that be all right?

Q Okay.

of the Rio Penasco Unit and was completed on 9-20-78 with an initial potential flowing 8.4-million cubic feet of gas a day on 1-1/2 inch choke from perforations 9002 to 9026. This is labeled — well, you can see the perfs there, and it's labeled the old pay zone on the cross section.

stone. To the end of November, 1980, this well produced 1,123,951,000 cubic feet of gas plus 1015 barrels of condensate. It was necessary on June 11th, 1980, to place a compressor on this well to buck the line pressure of about 400 to 500 pounds.

of depletion. For instance, in November it produced 740,000 cubic feet of gas, and Yates Petroleum is preparing to squeeze the old producing perforations, 9002 to 9026, and recomplete at 8964 to 65 -- 69, and 8924 to 28 in two thin Upper Morrow sandstones. Those are also shown there on well two on the cross section labeled probable new pay zones.

very limited production is expected from these reservoirs because an indicated bottom hole pressure decline during a drill stem test covered these sandstones, plus the main reservoir sandstones at 9002 to 26.

Q Now would you like to refer to Exhibit

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

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 Chaster 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.

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

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.

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

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

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. Q.

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 feet 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.

admission of Exhibits One through Six.

MR. STAMETS: These exhibits will be

admitted.

Mr. Wilson, in your opinion would the ŝ

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(Hearing concluded.)

# CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

> I do hereay cartify that the foregoing is a complete remaining the proceedings in neard by the on\_\_\_\_\_

Oil Conservation Division

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

## EXAMINER HEARING

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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

# APPEARANCES

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For the Applicant:

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

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1 MR. STAMETS: We'll call next Case 7147, 2 being the application of Yates Petroleum Corporation for an 3 unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. 5 MR. DICKERSON: Mr. Examiner, I'm Chad 6 Dickerson of Artesia. I have one witness. 7 (Witness sworn.) 9 10 MARK WILSON 11 being called as a witness and being duly sworn upon his oath, 12 testified as follows, to-wit: 13 14 DIRECT EXAMINATION 15 BY MR. DICKERSON: 16 Will you state your name and occupation 17 and by whom you're employed, please? 18 Mark Wilson. I'm an independent 19 geologist representing Yates Petroleum. 20 Mr. Wilson, have you previously testi-21 fied before the Commission as a geologist? 22 I have. 23 And are you familiar with the application 24 filed in this proceeding? 25

MR. DICKERSON: Mr. Examiner, is the witness qualified? 5 MR. STAMETS: Yes. Mr. Wilson, in connection with this 7 application have you filed or prepared certain exhibits to 8 which you will refer in your testimony? 9 I have. 10 Would you briefly describe the applica-11 tion, the purpose of this application and refer the Examiner 12 to your exhibits a sthey may apply? 13 Okay. I'll take a minute here to get 14 these unfolded. 15 Okay, you might keep Exhibit Four handy 16 there. In Case 7147 Yates Petroleum Corporation, acting as 17 operator of the Rio Penasco Working Interest Unit requests 18 approval for the unorthodox Morrow gas well location of its 19 Rio Penasco "JX" No. 2 to be drilled 1650 feet from the 20 south line and 660 feet from the east line of Section 35, 21 Township 18 South, Range 25 East, in the Boyd Morrow Field, 22 Eddy County, New Mexico. The south half of Section 35 is to 23 be dedicated to this well.

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

24

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Okay.

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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.

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

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.

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

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

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

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 feet 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.

Mr. Wilson, in your opinion would the

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1 2 granting of this application be in the interest of conservation, the prevention of waste, and the protection of corre-3 lative rights? 5 It is. MR. DICKERSON: That concludes our case, 7 Mr. Examiner. 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 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 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.)

#### CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

I do hereby carrier that the foregoing is a complete record of the pre-tackings in the Examiner hearing of Case 10.7/4/2, heard by me on foregoing is the Examiner Oll Conservation Division

SALLY W. BOYD, C.S.F Rt. 1 Box 193-B Santa Fe, New Mexico 87301 Phone (503) 455-7409

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Santa Fe, New

Phone (505)

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 protected 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, McVinley 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 Downes 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 Sc. 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 remnsylvanian 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, Tomship 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 Norch, 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 hereon. 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 Folfcamp-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 & Nichola 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 1160 feet from the North line and 60 feer 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 Nest, 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 NGPA 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 NGPA determination, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks a new enshors 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 NGPA 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
- 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 NGPA 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 NGPA 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 NGPA 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 NGPA 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.
- 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-Norrow 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, NNPM. 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-Norrow 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 Scateline Tansill-Yates-Seven Rivers-Queen Pool, and extend the horizontal limits of said pool to include therein:

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

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

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

(1) 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, NYPM Lots 1, 2, 7, 8, 9, 10, 15 and 16 Section 6:

(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

W/2 Section 9:

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:

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-Norrow 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

(x) EXTEND the Penasco Draw Permo-Pennsylvanian Gas Poel 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, NOPM 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, MATH. 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 UNDRITHODOX 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, Tewnship 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 Nof said Section 35 in the Boyd-Horrow 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 QIL CONSERVATION DIVISION

JOE D. RAMEY Director

SENL

IN THE MATTER OF:

Application of Yates Petroleum Corporation for an unorthodox gas well poration and simultaneous dedication, leddy County, New Mexico.

**CASE**. 7147

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BEFORE: Richard L. Stamets

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TRANSCRIPT OF HEARING

13

APPEARANCES

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For the Oil Conservation
Division:

For the Applicant:

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

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1 2 MR. STAMETS: Call at this: time Case 3 7184. I'm sorry, 7147. This case was originally heard at the 5 February 11th Examiner Hearing and has been readvertised to include the entire Pennsylvanian section. We heard testimony that day. Is there any additional testimony in this case? 10 If there is none I would point out one 11 error in the docket on the last full line. The well there 12 is identified as Applicant's "JX" No. 2, and that should be 13 Well No. 1 and we will make that change when the order is 14 issued. 15 If there is nothing further Case 7147 16 will be taken under advisement. 17 18 (Hearing concluded.) 19 20 21 22 23 24 25

CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

Snow W. Bogd C.S.R.

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I do hereby certify that the foregoing is

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Orichard & Stewn Born

in District

Oil Conservation Division

(ALLY W. BOYD, C.S. R. I. Box 193-18 Santa Fe, New Mexico 87501 Phore (505) 435-7309

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2	11	SERVATION DIVISION	
		LAND OFFICE BLDG.	
3		FE, NEW MEXICO	
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5	EX7	MINER HEARING	•
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	IN THE MATTER OF:	<b>)</b>	
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11	BEFORE: Richard L. Stamets		
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	APPE	CARANCES	
15			
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	For the Oil Conservation	Ernest L. Padilla,	Fea
17	Division:	Legal Counsel to the	
	**************************************	State Land Office I	
18	<b>.</b> .	Santa Fe, New Mexic	_
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	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 testimony that day.

Is there any additional testimony in

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.)

## CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

Socry W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete more of the proceedings in the Examiner is acting of west one. heard by me on 19.\_\_\_.

Oil Conservation Division

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## BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

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Other

# STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

March 13, 1981

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

Mr. Ched Dickerson Losee, Carson & Dickerson Attorneys at Law Post Office Box 239 Artesia, New Mexico 88210	CASE NOORDER NOApplicant:	7147 R=6621		
	-Yates Pots	oleum C	<del>20920</del>	<del>ati</del> o
Dear Sir:				
Enclosed herewith are two co Division order recently ente				
Yours very truly,  JOE D. RAMEY  Director				
			16	
JDR/fd			•	
Copy of order also sent to:				
Hobbs OCD X	•			

LAW OFFICES

#### LOSEE, CARSON & DICKERSON, P. A.

300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505 746-3508

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

January 13, 1981

JAN 1 ( 1931

OIL COME IN MALE DIMESION FE

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

Care 7147

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 DIVICION

OF THE STATE OF NEW MEXICO

OIL CLASSICE.

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

#### **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:

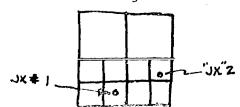
Township 18 South, Range 25 East, N.M.P.M.

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:

- That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- 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.
- And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

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

Attorneys for Applicant

#### SUPPORE THE OIL CONSERVATION DIVISION

JAN 3 1 1931

OF THE STATE OF NEW PEXTCO

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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 attornews, and in support hereof, respectfully states:

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

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

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 Gil 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 promation 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 prayer

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- P. 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 Horrow formation, to said well.
- C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

Py: Chad Dickerson

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

Attorneys for Applicant

OF THE STATE OF NEW PEXTES ASSESSED.

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

CASE NO. 2/47

Mescalvio, m

#### 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 Bast, N.H.P.M.

Section 35: 8/2

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 Norrow 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 in 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 eas, 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.

EMEREFORE, applicant prayer

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

Pyr\_\_\_\_\_Chad Dickerson

LOSED, CARSON'S DICKERSON, P.A. P. O. Drawer 239 Artesia, New Nexico 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:

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CASE NO. 7147

ORDER No. R- 6621

APPLICATION OF YATES PETROLEUM CORPORATION

FOR AN UNORTHODOX WELL LOCATION AND EDDY SIMULTANEOUS DEDICATION, KEN COUNTY, NEW MEXICO.

de

#### 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 <u>February</u>, 19<u>81</u>, 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.

(1) That chi

designated.

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	(3) That the applicant further seeks to simultaneously				
	dedicate the <u>S/2</u> of said Section <u>35</u> to the above-				
	described well and to its "JX" Well No. 1				
	located in Unit N of said Section 35 bolds in Vine Boyd-Morrow  Gos Pool, Eddy County, New Mexico  (4) That a well at said unorthodox location will better				
	(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 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 pools 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 drift its enable  Rentry lean in 9.5 well  unorthodox location 1650 feet from the South line and				
	Township 18 South , Range 25 East , NMPM,				
	Pool, Eddy County, New Mexico.				
	(2) That the S/2 of said Section 35 shall be decided to the above-described well and to				
	applicant's "JX" Well No. 10 located in				
	Unit N of said Section 35 in the Boyd-Morrow Gras Paol.				
1	(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				