

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

17 July 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. CASE 8651

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Jeff Taylor  
Legal Counsel to the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: Chad Dickerson  
Attorney at Law  
DICKERSON, FISK & VANDIVER  
Seventh & Mahone/Suite E  
Artesia, New Mexico 88210

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I N D E X

RAY BECK

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E X H I B I T S

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MR. STOGNER: Call next Case #651.

MR. TAYLOR: The application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. DICKERSON: Mr. Examiner, I'm Chad Dickerson of Artesia, New Mexico, and I have one witness.

MR. STOGNER: Are there any other appearances in this matter?

Will the witness please stand and be sworn?

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. DICKERSON:

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

A Ray Beck, geologist, Yates Petroleum Cor-

1 poration, Artesia, New Mexico.

2 Q Mr. Beck, you have previously testified  
3 as a geologist before the Oil Conservation Division and your  
4 credentials are a matter of record, are they not?

5 A Yes, they are.

6 MR. DICKERSON: Is this witness  
7 qualified, Mr. Examiner?

8 MR. STOGNER: He is so quali-  
9 fied.

10 Q Mr. Beck, will you summarize the purpose  
11 of Yates' application in Case 8651?

12 A In Case 8651 Yates Petroleum Corporation  
13 respectfully requests approval of the unorthodox gas well  
14 location of its proposed Amoco "QT" Federal #2, to be dril-  
15 led 660 feet from the south and east lines of Section 29,  
16 Township 19 South, Range 24 East, Eddy County, New Mexico.

17 The south half of Section 29 would be de-  
18 dicated to the well.

19 The necessity for this nonstandard loca-  
20 tion is based on geological conditions pertaining to a car-  
21 bonate zone in the Wolfcampian, but the well will be drilled  
22 through the base of the Lower Canyon carbonate bank to a  
23 depth of 7750 feet.

24 Q Mr. Beck, will you refer to what we've  
25 marked and submitted as Exhibit Number One and tell us what

1 is shown on that exhibit?

2           A           Exhibit Number One is a land plat showing  
3 the proposed location and its relationship to the surrounding  
4 acreage situation.

5                       Yellow denotes acreage in which Yates has  
6 full or partial interest in operating rights.

7                       The proration unit is outlined in red.

8           Q           Refer, please, Mr. Beck, to Exhibit Num-  
9 ber Two and tell us what it is.

10           A           Exhibit Number Two is a combined struc-  
11 ture and porosity map. The solid lines are structural con-  
12 tours on top of the areally persistent Wolfcampian Rake Mar-  
13 ker. Contour interval is 50 feet. Regional dip is about  
14 100 feet to the mile to the east/southeast.

15                       The dashed lines are contoured on feet of  
16 effective log porosity and permeability present in a Wolf-  
17 campian carbonate horizon called the CC Tank zone.

18                       The Yates CC Tank No. 1 in Section 28 had  
19 14 feet of effective porosity and permeability in the CC  
20 Tank zone. This zone was completed naturally for 1500 MCF  
21 of gas per day in March, 1981, and is currently producing  
22 716 MCF per day.

23                       Yates Petroleum's recently drilled Agave  
24 "AAJ" No. 1 in the northeast/northeast of Section 32 had 6  
25 feet of effective porosity and permeability in the CC Tank

1 zone and was completed for 750 MCF of gas per day.

2 In May, 1984, Yates' reservoir engineer  
3 made a pressure study of the CC Tank zone reservoir. The  
4 results of the study were that approximately 0.9 BCF of gas  
5 has been produced, that 1.8 BCF of gas remains to be pro-  
6 duced, and that the CC Tank zone reservoir underlies about  
7 1200 surface acres.

8 Considering the present well control and  
9 the reservoir study, it is believed that the CC Tank reser-  
10 voir extends into the southeastern portion of Section 29 and  
11 that a well drilled at the proposed location would encounter  
12 over 10 feet of effective porosity and permeability and make  
13 a gas producer whose quality would lie between that of the  
14 Agove "AAJ" and the CC Tank No. 1.

15 Q Mr. Beck, will you refer to Exhibit Num-  
16 ber Three and tell us what you've shown on that exhibit?

17 A Exhibit Number Three is a stratigraphic  
18 west to east cross section which is hung on the Wolfcampian  
19 Rake marker.

20 The cross section shows the pertinent  
21 correlations and the CC Tank zone gas reservoir as it is  
22 present in the Yates CC Tank No. 1.

23 In summary, the proposed location is geo-  
24 logically the best allowable location in the south half of  
25 Section 29, should recover the greatest amount of hydrocar-

1 bon product from the proration unit, and thereby prevent  
2 waste and protect correlative rights.

3 Q Mr. Beck, will you refer to Exhibit Num-  
4 ber Four and tell us what that is?

5 A Exhibit Number Four is a packet of let-  
6 ters sent by Yates Land Department to offsetting operators  
7 requesting waivers, asking for no objection to this drilling  
8 of this unorthodox location, and we received two acceptances  
9 or waivers from Conoco and Chevron, or Gulf.

10 Q And you had no response from Mitchell  
11 Energy or Amoco Production Company?

12 A No response from those.

13 Q Mr. Beck, were Exhibits One through Four  
14 either prepared by you or compiled under your direction and  
15 supervision?

16 A They were.

17 MR. DICKERSON: Mr. Examiner,  
18 at this time I move admission of Applicant's Exhibits One  
19 through Four.

20 MR. STOGNER: Exhibits One  
21 through Four will be admitted into evidence.

22 MR. DICKERSON: I have no fur-  
23 ther questions of the witness, Mr. Examiner.

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## 1 CROSS EXAMINATION

2 BY MR. STOGNER:

3 Q Mr. Beck, what's your primary zone of in-  
4 terest?5 A The primary zone of interest is the --  
6 you could look on this cross section there, if you would,  
7 you can see the Yates CC Tank zone is a carbonate horizon in  
8 the Wolf -- overall Wolfcampian section.9 This well has been -- zone has been pene-  
10 trated first in the Yates CC Tank Well No. 1 in Section 28  
11 and we got an unorthodox location approved and drilled in  
12 Section -- northwest northwest of Section 32.13 So we're kind of in between those two  
14 wells in Section 29.15 MR. STOGNER: I have no further  
16 questions of Mr. Beck.17 Are there any other questions  
18 for this witness?

19 If not, he may be excused.

20 Mr. Dickerson, do you have any-  
21 thing further in Case 8651 this morning?22 MR. DICKERSON: No, Mr. Stog-  
23 ner, I don't.24 MR. STOGNER: Does anybody else  
25 have anything further in this case?



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If not, this case will be taken  
under advisement.

(Hearing concluded.)

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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 CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8651, heard by me on 17 July 19 85.

Michael E. Wagner, Examiner  
Oil Conservation Division