

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

30 April 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor- CASE
ation for an unorthodox gas well loca- 8881
tion, Eddy County, New Mexico.

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

Direct Examination by Mr. Dickerson

Cross Examination by Mr. Stogner

E X H I B I T S

Yates Exhibit One, Land Plat

Yates Exhibit Two, Isopach

Yates Exhibit Three, Cross Section

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MR. STOGNER: Call next Case
Number 8881.

MR. TAYLOR: Application of
Yates Petroleum Corporation for an unorthodox gas well loca-
tion, Eddy County, New Mexico.

MR. DICKERSON: Mr. Examiner,
I'm Chad Dickerson of Artesia on behalf of the applicant. I
have one witness.

MR. STOGNER: Are there any
other appearances?

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 please state your name, your oc-
cupation, and by whom you're employed, please?

A Ray Beck, geologist, Yates Petroleum, Ar-

1 tesia, New Mexico.

2 Q Mr. Beck, you have previously qualified
3 as a geologist before this Division from the recent past,
4 have you not?

5 A Yes, sir.

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

8 MR. STOGNER: Mr. Beck is so
9 qualified.

10 Q Mr. Beck, what is the purpose of Yates'
11 application in Case 8881?

12 A In Case 8881 Yates Petroleum Corporation
13 respectfully requests approval of the unorthodox gas well
14 location of its proposed Molly "QD" No. 1, to be drilled
15 660 feet from the south and east lines of Section 13, Town-
16 ship 19 South, Range 24 East, Eddy County, New Mexico.

17 The south half of Section 13 will be de-
18 dicated to the well.

19 The necessity for this nonstandard loca-
20 tion is based on geologic conditions prevailing in the pri-
21 mary objective Morrow Clastics interval.

22 Q Mr. Beck, refer to what we have submitted
23 as Exhibit Number One and tell the examiner what is shown on
24 that plat.

25 A Exhibit Number One is a land plat showing

1 the proposed location as a red dot and its relationship to
2 the surrounding acreage situation.

3 Yellow denotes acreage in which Yates has
4 full or partial interest in operating rights.

5 The proration unit is outlined in red.

6 Q Who are the offsetting owners to the
7 south and east of your proposed location, Mr. Beck?

8 A To the south is Getty, or Texaco, and to
9 the East, Conoco.

10 Q And in the northwest quarter of the
11 northwest quarter of 19 that's also Conoco?

12 A (Not clearly understood.)

13 Q Armor and Hanks?

14 A (Not clearly understood.)

15 Q Refer to Exhibit Number Two, Mr. Beck,
16 and describe what you've shown on that.

17 A Exhibit Number Two is an Isopach map
18 showing the varying thickness of the Morrow Clastics inter-
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20 Experience in northern Eddy County has
21 shown that wells along or close to the axes of thicks in the
22 Morrow Clastics interval have a much better chance of en-
23 counterering more and thicker Morrow channel sand bodies,
24 which, if not water-bearing, are capable of producing better
25 than average economic volumes of gas.

1 According to the present interpretation
2 of extant data a well drilled at the proposed location
3 should encounter the axis of a Morrow Clastics thick and one
4 or more channel sands.

5 Please note the trace of cross section A-
6 A', which will be the next exhibit.

7 Q Mr. Beck, do you have a secondary objec-
8 tive or objectives in this wellbore?

9 A Yes, we do. The so-called Dagger Draw
10 Upper Penn North pay sand, which is present predominantly to
11 the east and south of this location.

12 Q And that's an oil producing zone?

13 A Yes, it is.

14 Q If you make an oil well in the secondary
15 objective, what will the spacing be?

16 A The spacing will be 40-acre spacing.
17 This will be an orthodox location for that.

18 Q So your proposed location is orthodox for
19 all zones except your primary Morrow objective.

20 A That's right.

21 Q Refer to Exhibit Number Three, Mr. Beck,
22 and tell us what you have shown on that exhibit.

23 A Exhibit Number Three is a cross section,
24 is a stratigraphic cross section hung on the Morrow Clastics
25 and trends more or less perpendicular to the axis of the

1 Morrow Clastics thick of the last exhibit.

2 The cross section shows the pertinent
3 correlations and the interval mapped on the previous exhi-
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5 Q Could you summarize your testimony for
6 the Examiner, Mr. Beck?

7 A In summary, the proposed location is best
8 -- geologically the best allowable location in the south
9 half of Section 13. It should recover the greatest amount
10 of hydrocarbon product from the proration unit and thereby
11 protect waste and protect correlative rights.

12 Q Mr. Beck, were Exhibits One, Two, and
13 Three prepared by you or under your supervision?

14 A I prepared the exhibits.

15 MR. DICKERSON: Mr. Examiner, I
16 move admission of Exhibits One through Three, and I have no
17 further questions.

18 MR. STOGNER: Exhibits One
19 through Three will be admitted into evidence at this time.

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21 CROSS EXAMINATION

22 BY MR. STOGNER:

23 Q Mr. Beck, referring to Exhibit Number
24 Two, showing this Isopach contour, why wouldn't a location
25 further to the north and to the west but still within the

1 200-foot contour line be adequate?

2 A Well, it's just that we think that the
3 very thickest place in the south half of Section 13 would be
4 this location, without just getting right on the corner of
5 the section line itself.

6 That's the only reason; just add a few
7 more feet, a better shot at finding the sands. It's pretty
8 obvious, you know, that the more thickness you have the bet-
9 ter chance you have of hitting the sand in the thickness of
10 the total Morrow Clastics.

11 So that's the reason for it; we're just
12 trying to maximize the potential for finding some sand.

13 Q Okay, in Exhibit One you show a well down
14 there in the southeast quarter southeast quarter, Well No.
15 1, that looks like it's been P&A'd.

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17 Q I assume that didn't go into the Morrow?

18 A Yes, sir, it went to -- no, sir, it
19 didn't. It's a Chester Cisco Canyon, or Uppe Penn penetra-
20 tion.

21 Q Okay. Now if you go immediately south of
22 your proposed well, down into the Getty acreage, or Texaco,
23 now, there shows to be a well in the northeast quarter,
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25 A Yes, sir. That also, see, it's on this

1 map, had a TD of 4600 feet. That takes it -- that was just
2 a Wolfcamp.

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4 -- they went to the Cisco Canyon.

5 Q Did you notice Texaco, Conoco, and --

6 MR. DICKERSON: Mr. Examiner,
7 your file should reflect notification to all the offset
8 operators.

9 MR. STOGNER: Are you referring
10 to your application, Mr. Dickerson?

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17 MR. STOGNER: Mr. Dickerson,
18 you're referring to an affidavit of mailing and it looks
19 like it's dated April 3rd, 1986.

20 MR. DICKERSON: Yes, Mr. Stog-
21 ner. It was filed -- it was filed with your office.

22 Q Mr. Beck, are you familiar with this
23 mailing affidavit?

24 A I was informed that it was made.

25 MR. DICKERSON: Mr. Cy Cowan

1 with Yates, Mr. Examiner, has been the party directly in
2 contact with the offsetting operators.

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16 (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 the foregoing Transcript of Hearing before
the Oil Conservation Division (Commission) 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
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Michael E. Stagner, Examiner
Oil Conservation Division

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