

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
16 March 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor- CASE
poration for an unorthodox gas well 9330
location, Eddy County, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

For the Applicant:

Chad Dickerson
Attorney at Law
DICKERSON, FISK & VANDIVER
Seventh & Mahone/Suite E
Artesia, New Mexico 87210

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I N D E X

LESLIE BENTZ

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MR. CATANACH: Call next Case 9330, the application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

Are there appearances in this case?

MR. DICKERSON: Mr. Examiner, I'm Chad Dickerson of Artesia, New Mexico, on behalf of the applicant and I have Ms. Bentz, the same witness sworn in the previous case.

MR. CATANACH: Let the record show that Ms. Bentz has been previously sworn in.

LESLIE BENTZ,

being called as a witness and having been previously sworn and remaining under oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. DICKERSON:

Q Ms. Bentz, will you state the purpose of Yates' application in Case 9330?

A Yes. We respectfully request approval for the unorthodox location of our proposed Eland "AFC" Federal Com No. 1, to be drilled 660 feet from the north line and 660 feet from the west line of Section 13, Township 20

1 South, Range 29 East, Eddy County, New Mexico.

2 The east half of Section 13 will be dedi-
3 cated to the well.

4 Q Identify what we've submitted as Exhibit
5 Number One and tell the Examiner what it shows.

6 A Exhibit Number One is a land plat showing
7 the proposed location and its relationship to the surroun-
8 ding acreage in which Yates Petroleum has full or partial
9 operating rights. The proration unit is outlined in red.
10 The restricted potash area is noted in orange.

11 Q Okay, refer to Exhibit Number Two and
12 tell us what you show on that map.

13 A Exhibit Number Two is a montage display-
14 ing the following geological data: A type log and two dif-
15 ferent structure and isopach maps.

16 The type log of the Yates Petroleum Ant-
17 hill "AAK" State No. 1, located in Section 2 north of the
18 proposed location, illustrates the pertinent correlations.
19 Designated Strawn "A" and Strawn "B", these horizons provide
20 the basis for the pursuing maps.

21 The first map is a subsurface structure
22 map constructed on top of the Strawn "A". The contour in-
23 terval is 50 feet. Datum points are noted by circles and
24 the appropriate datum is listed.

25 Well spots colored in red indicate Strawn

1 producers. The restricted potash area is outlined with a
2 bold, dashed line.

3 The small dashed line represents an iso-
4 pach of the porosity in the Strawn "A", which is equal or
5 exceeds 4 percent.

6 The contour interval is 10 feet.

7 The 10-foot isopach value is highlighted
8 in yellow.

9 The proposed unorthodox location is ex-
10 pected to encounter approximately 17 feet of porosity. As
11 shown on the map, geological conditions eliminate two legal
12 locations and the other two legal locations are prohibitive
13 as they line in the restricted potash area.

14 The last map is a subsurface structure
15 map depicting the top of the Strawn "B". Superimposed is
16 an isopach of the Strawn "B" porosity.

17 All other aspects of this map are identi-
18 cal to the previous map with the exception of the mapping
19 horizon.

20 The proposed unorthodox location is ex-
21 pected to encounter 10-plus feet of Strawn "B" porosity
22 greater than 4 percent.

23 Again, two orthodox locations are ruled
24 out by geological conditions and the other two orthodox lo-
25 cations are in the potash area.

1 Q Can you summarize the conclusions you've
2 drawn from your examination of this data?

3 A The proposed unorthodox location is the
4 best allowable location in the east half of Section 13 to
5 encounter both Strawn porosity zones.

6 Other legal locations are not possible
7 due to geological conditions or due to the restrictions im-
8 posed by the potash area.

9 The well will be drilled through to the
10 Morrow to ensure that all potential pay zones are properly
11 tested.

12 Q Were Exhibits One and Two prepared by
13 you, Ms. Bentz?

14 A Yes, they were.

15 Q In your opinion will the approval of this
16 application be in the interest of conservation, the preven-
17 tion of waste, and the protection of correlative rights?

18 A Yes, it will.

19 Q Identify for the Examiner what we have
20 submitted as Exhibit Number Three, please.

21 A Exhibit Number Three is an affidavit of
22 mailing.

23 Q Pursuant to the OCD rules to the offset-
24 ting interest owners with return receipts attached.

25 A Yes.

1 MR. DICKERSON: Move admission
2 of Yates Exhibits One, Two and Three, Mr. Examiner, and I
3 have no further questions of Ms. Bentz.

4 MR. CATANACH: Exhibits One,
5 Two and Three will be admitted into evidence.

6

7

CROSS EXAMINATION

8 BY MR. CATANACH:

9 Q Ms. Bentz, what are the potash
10 restrictions, or what are the restrictions for drilling
11 close to the potash boundaries?

12 A You can drill close to the potash
13 boundaries. It's my understanding you just cannot drill
14 within the boundaries.

15 Q How far are you away from the boundary,
16 then?

17 A It would be 660 feet. That is located in
18 the center of that 40-acre spacing.

19 Q Okay, why couldn't this well be drilled
20 1980 from the north and west?

21 A Well, if you drilled 1980 from the north
22 and west, there's probably a real good chance that you would
23 have a dry hole.

24 Q What's the minimum amount of porosity and
25 net pay that you'd need to complete a commercial producer?

1 A Well, you probably would at least like to
2 have, probably more than 4 or 5 feet, but the more porosity
3 that you get in the Strawn the better producer you're going
4 to have.

5 Q Are there any other producing wells to
6 the east here?

7 A No, there are not.

8 Q Have there been any wells drilled in that
9 area, that whole area east of the yellow -- the second
10 yellow line there?

11 A The nearest well which penetrated the
12 Strawn is down in Section 24. It's located 660 from the
13 south and west of Section 24.

14 Q And what -- what was the result of that
15 completion?

16 A It was completed as a Morrow producer and
17 it was plugged in 1967.

18 Q So it produced from the Morrow?

19 A Yes, and it made a half a BCF.

20 Q Was that well tested in the Strawn, do
21 you know?

22 A No, I'm not -- I don't believe it was.

23 Q The acreage outlined in yellow on Exhibit
24 Number One is Yates Petroleum acreage, is that correct?

25 A Yes.

1 Q That doesn't show the entire west half
2 being used as the proration unit. Is that going to be some
3 kind of a communitization agreement?

4 A I believe we have earned interest in that
5 acreage.

6 Q But you do plan on dedicating the west
7 half of that well.

8 A Yes.

9 Q Are there any drift in these wells in
10 this area? Do they tend to drift north or south? I mean
11 the bottom hole location?

12 A I'm not aware of any deviation, no.

13 Q So you'd probably be all right with
14 respect to the potash boundaries.

15 A Yes.

16 MR. CATANACH: That's all I
17 have of the witness.

18 She may be excused.

19 Is there anything further in
20 Case 9330?

21 MR. DICKERSON: No.

22 MR. CATANACH: It will be taken
23 under advisement.

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25 (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 (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 the Examiner hearing of Case No. 9330, heard by me on March 16, 1988.

David R. Cobarr, Examiner
Oil Conservation Division