

N-20-27-11

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BRADLEY H. KEYES
P. O. Box 842
Aztec, New Mexico 87410

September 20, 1978

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

Re: #5 Yockey

Dear Mr. Ramey:

Enclosed is a draft of a statement to be made with the F.E.R.C. requesting a higher rate for Pictured Cliffs gas sales from the proposed new well.

It would be appreciated if a certificate could be obtained from you finding the new well is necessary.

Thank you.

Very truly yours,

BRADLEY H. KEYES

BHK/sl



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

September 25, 1978

POST OFFICE BOX 2068
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Bradley H. Keyes
P. O. Box 842
Aztec, New Mexico 87410

Re: Opinion 770-A Certificate,
Yockey Well No. 5, SW/4 NW/4,
20-27N-11W

Dear Mr. Keyes:

The Division is asking for certain information before issuing any Opinion 770-A certificates. This information is contained in Order No. R-5436, a copy of which I have enclosed for your convenience. For your proposed replacement well, please refer to Rules 2, 5, 6, 8 and 9.

Please let me know if you need further instructions.

Very truly yours,

A large, stylized handwritten signature in dark ink, appearing to read "Lynn Teschendorf".

(Ms.) LYNN TESCHENDORF
General Counsel

LT/dr

enc.

BRADLEY H. KEYES
Box 8842
Aztec, New Mexico 87410
September 27, 1978

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Ms. Lynn Teschendorf, General Counsel

Re: Opinion 770-A Certificate
Yockey #5 Well SW NW 20-27N-11W

Dear Ms. Teschendorf:

In reference to your letter of September 25, 1978 regarding subject well certificate, enclosed please find information required by Order R-5436 Rules 2, 5, 6, 8 and 9.

Please let me know if any further information is required.
Thank you.

Very truly yours,

BRADLEY H. KEYES

BHK/sl

Re: Bradley H. Keyes
#5 Yockey (proposed)
NW SW Sec. 20 T27 N - R 11W
San Juan County, New Mexico
Kutz Pictured Cliffs, West

Rule 2: The proposed replacement well is necessary to replace a well which is incapable of production.

Rule 5: Plat enclosed.

Rule 6: (a) AFE enclosed.

(b) NA

(c) No production during last 24 months.

(d) I, Bradley H. Keyes, certify that my Yockey #2 will be plugged and abandoned within 60 days following the date of connection of this proposed replacement well.

Rule 8: Gas is under contract to El Paso Natural Gas Company. The initial well was drilled in 1959. The proposed replacement well is planned for November 1978.

Rule 9: Copy to Aztec office.

Bradley H. Keyes

and
Authority for Expenditure

Well Name #5 Yockey Loc. SW/4 Section 20 T27N R11W Co. San Juan State New Mexico

Estimated T.D. 1900' Field or Prospect Kutz Pc, West Formation Pictured Cliffs

	Estimated		Actual
	Dry Hole	Producer	
<u>Intangible Costs</u>			
Supervision		1,500	
Location: Damages and R.O.W.		500	
Roads and Canals Legal		1,000	
Location and Platforms		5,000	
Drilling:			
Footage Drilling 1900 ft. @ /ft.		13,000	
Daywork:			
Drilling days @ WDP days @ WODP			
Completing days @ WDP days @ WODP		2,000	
Mud Materials and Special Equipment		1,000	
Fuel			
Water			
Hauling and Transportation			
Cement, Cementing, and Accessories		3,000	
Logging		3,500	
Coring and Core Analysis			
Testing			
Perforating		2,000	
Stimulation		9,000	
Special Services			
Tool Rental			
Miscellaneous Trucking		2,500	
Total Intangible Costs			
<u>Tangible Well Costs</u>			
Wellhead		1,500	
Casing: 7"		1,000	
2-7/8"		5,000	
Tubing: 1"		3,000	
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs			
<u>Tangible Lease Costs</u>			
Tankage			
Separating and Treating:			
Flowlines			
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings		1,500	
Transportation, Installation and Labor			
Total Tangible Lease Costs			
Contingency			
Total Well Costs		56,000.	

BRADLEY H. KEYES
CS-72-357
January 11, 1972

STATEMENT OF ELIGIBILITY FOR RATES PRESCRIBED
BY FEDERAL ENERGY REGULATORY COMMISSION OPINION
NO. 770-A, Section 2.56a (a) (1) and (3)

BRADLEY H. KEYES, qualified as a small producer, as shown above, submits this, its statement of eligibility for a gas rate of \$1.42 per MCF (at 14.73 psia), exclusive of State or Federal production, severance, or similar taxes, as provided by PPC Opinion No. 770-A, Section 2.56a (a) (1) for gas produced from its

Yockey No. 5 (Pictured Cliffs) Well, located:

Township 27 North, Range 11 West, N.M.P.M.
Kutz Pictured Cliffs Pool, West
San Juan County, New Mexico
Section 20, NW/4

As provided by FPC Order Clarifying Section 2.56a (p), issued December 22, 1976, no rate filing is submitted, applicant being a small producer.

Applicant asserts that it is eligible for the above rate for the reason that drilling of the subject well was necessary to recover natural gas remaining in the reservoir that would not otherwise be recovered, and the well was not drilled for the sole purpose of obtaining a higher price for the gas, there being no producing well on the unit when the well was drilled.

In compliance with Opinion No. 770-A, applicant submits the following:

1. Statement as to need for new well. Applicant is planning to spud its Yockey No. 5 well, located in the SW NW/4 of Section 20, Township 27, Range 11 West, projecting it for completion in the Pictured Cliffs formation, Kutz Pictured Cliffs Gas Pool. The well will be spudded on or about November 1, 1978 and will be drilled to the Pictured Cliffs formation at approximately 1900 feet. Unless the proposed well is drilled, producible gas will remain in the reservoir and unproduced.

The proration unit well was drilled by Frank Yockey. The unit consisted of a communitized tract covering the NW/4 of Section 20, Township 27 North, Range 11 West. The well was located 1450 feet from the north line and 1450 feet from the west line (SE NW) of Section 20. The test was commenced on November 27, 1958 and completed January 23, 1959, for an initial potential of 1259 MCF of gas per day based on a 3-hour test through 3/4-inch choke after having been fractured with 850 bbls. water and 25,000 bbls. sand in open hole from 1831-1864, after setting 5½-inch

casing at 1831 feet. Initial 14-day shut-in pressure was 414 psi. First delivery of gas was made to El Paso Natural Gas Company on March 18, 1959. The last production from the well was in December 1975.

El Paso Natural Gas Company disconnected the well from their pipeline on June 28, 1978; however the well was approved for plugging and abandonment on December 28, 1976, but has not yet been plugged. Cumulative production from the Pictured Cliffs sandstone reservoir was 294,295 MCF of gas.

With cessation of production the original proration unit consisting of the NW/4 of Section 20 was dissolved. Applicant plans to redrill this spacing unit.

2. Statement of the Producer relating to completion of the well.
The subject well in the SW/4 NW/4 of Section 20 should be spudded about November 1, 1978. Barring unforeseen complications it should be completed in not more than thirty days. Production is expected from the Pictured Cliffs formation at approximately 1900 feet. The gas will probably be dedicated to the interstate system of El Paso Natural Gas Company.

3. Attached hereto are copies of all documents filed with or issued by the New Mexico Oil Conservation Commission, being the New Mexico State regulatory agency having authority over the drilling, completion and testing of the subject well.

4. Attached hereto is a Certificate, executed by Joe D. Ramey, Secretary-Director of the New Mexico Oil Conservation Commission, finding that the subject well is a necessary additional well or completion operation in the Kutz Pictured Cliffs Gas Pool.

5. Attached hereto is a statement from El Paso Natural Gas Company, buyer of the gas from the subject well, stating that the gas qualifies for the rates established by paragraphs (a) (1) and (3) of Section 2.56(a), Commission Order 770-A.

WHEREFORE applicant respectfully requests approval of a rate of \$1.42 per MCF for gas produced from the subject well, as provided by the above order.

Respectfully submitted,

BRADLEY H. KEYES