

CASE NO.

5521

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 2, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum
Corporation for compulsory
pooling, Eddy County, New Mexico

CASE NO. 5521

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

MR. STAMETS: Case 5521.

MR. DERRYBERRY: Case 5521. Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.

MR. LOSEE: Mr. Examiner, A. J. Losee, appearing on behalf of Yates Petroleum Corporation. All of the parties that were being forced to pool in this case have now consented either to join in the well or farm out, and we ask that it be dismissed.

MR. STAMETS: Case 5521 will be dismissed.

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5521 heard by me on 7-31-75.
Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5521
Order No. R-5062

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 2, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of July, 1975, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

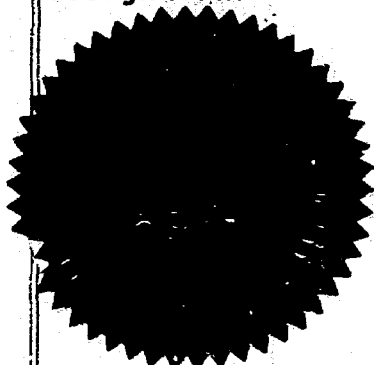
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 5521 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501
July 15, 1975

Mr. A. J. Losee
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 5521
ORDER NO. R-5062

Applicant:

Yates Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Secretary-Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other

CASE 5521: Application of Yates Petroleum Corporation 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 N/2 of Section 31, Township 17 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as the actual operating costs and charges for supervision. Also to be considered will be designation of applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 5522: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Airstrip-Wolfcamp Pool. The discovery well is the Amoco Production Company State FU Well No. 1 located in Unit K of Section 25, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 25: SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Custer-Devonian Pool. The discovery well is the Shell Oil Company State B Com Well No. 1 located in Unit C of Section 36, Township 24 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 36: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the North Four Lakes-Atoka Gas Pool. The discovery well is the APCO Corporation Sun-State Well No. 1 located in Unit F of Section 23, Township 11 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 23: N/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Hackberry-Morrow Gas Pool. The discovery well is the Julian Ard Hackberry Well No. 1 located in Unit G of Section 25, Township 19 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 25: E/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Kennedy Farms-Atoka Gas Pool. The discovery well is the Yates Petroleum

Case 5521

LAW OFFICES

LOSEE & CARSON, P.A.

A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

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

AREA CODE 505
746-3508

3 June 1975

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed for filing, please find three copies each of the following applications of Yates Petroleum Corporation:

1. Application for Two Unorthodox Gas Well Locations, Eddy County, New Mexico;
2. Application for Compulsory Pooling.

We ask that these cases be set for hearing before an examiner on July 2, 1975.

Very truly yours,

LOSEE & CARSON, P.A.


A. J. Losee

AJL:jw
Enclosures

cc w/enclosures: Mr. Jack McCaw

comp pooling

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR :
COMPULSORY POOLING, EDDY COUNTY, :
NEW MEXICO :

CASE NO. 5521

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. That, except as hereinafter noted, applicant is
the owner and operator of the entire working interest from the
surface through the Pennsylvanian formation underlying the
N/2 of Section 31, Township 17 South, Range 26 East, N.M.P.M.,
to be dedicated to a well located 1,980 feet from the North
line and 660 feet from the West line of said Section 31, Eddy
County, New Mexico. The unorthodox gas well location is the
subject of a separate application.

2. George A. Donnelly, Jr., Richard Donnelly, Peggy
Donnelly McConnell, The Eastland Oil Company, R. T. Roark,
Hooker-O'Kelley, Ltd., Marks Crane and Rigging Company, A. J.
Losee, Marton Majoros, Fernando U. Duralde, William Edwin Green,
Jr., Edward S. Bivens, Charles W. Thompson, Coquina Oil Corpora-
tion, Mark D. Wilson and Robert E. Boling are the owners of the
oil and gas leasehold estate comprising the N/2 NE/4 and an
undivided 1/2 interest in the ~~S/2 SE/4~~ ^{5/2 NE/4} of said Section 31, and
a portion of said owners has not agreed to pool their interests
with applicant.

*by ASW
talked to Jerry Losee
10:30 am. 6/6*

3. That, to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the N/2 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, all mineral interests, whatever they may be, from the surface through the Pennsylvanian formation underlying the N/2 of said Section 31 should be pooled.

4. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

5. That applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge attributable to each non-consenting working interest.

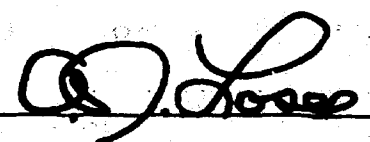
WHEREFORE, applicant prays:

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

B. That upon hearing, the Commission enter its order pooling all mineral interests, whatever they may be, from the surface through the Pennsylvanian formation underlying the N/2 of said Section 31, Township 17 South, Range 26 East, N.M.P.M., to form a 320-acre gas spacing unit to be dedicated to applicant's well at a non-standard location 1,980 feet from the North line and 660 feet from the West line of said Section 31.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 

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

Attorneys for Applicant

DOCKET MAILED

Date 6/18/75

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR :
COMPULSORY POOLING, EDDY COUNTY, :
NEW MEXICO :

CASE NO. 5521

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. That, except as hereinafter noted, applicant is
the owner and operator of the entire working interest from the
surface through the Pennsylvanian formation underlying the
N/2 of Section 31, Township 17 South, Range 26 East, N.M.P.M.,
to be dedicated to a well located 1,980 feet from the North
line and 650 feet from the West line of said Section 31, Eddy
County, New Mexico. The unorthodox gas well location is the
subject of a separate application.

2. George A. Donnelly, Jr., Richard Donnelly, Peggy
Donnelly McConnell, The Eastland Oil Company, R. T. Roark,
Hooker-O'Kelley, Ltd., Marks Crane and Rigging Company, A. J.
Losee, Marton Majoros, Fernando U. Duralde, William Edwin Green,
Jr., Edward S. Bivens, Charles W. Thompson, Coquina Oil Corpora-
tion, Mark D. Wilson and Robert E. Boling are the owners of the
oil and gas leasehold estate comprising the N/2 NE/4 and an
undivided 1/2 interest in the ^{5/2 NE/4}~~S/2 SE/4~~ of said Section 31, and
a portion of said owners has not agreed to pool their interests
with applicant.

3. That, to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the N/2 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, all mineral interests, whatever they may be, from the surface through the Pennsylvanian formation underlying the N/2 of said Section 31 should be pooled.

4. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

5. That applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge attributable to each non-consenting working interest.

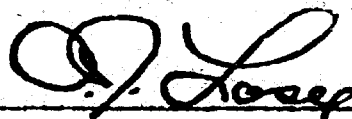
WHEREFORE, applicant prays:

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

B. That upon hearing, the Commission enter its order pooling all mineral interests, whatever they may be, from the surface through the Pennsylvanian formation underlying the N/2 of said Section 31, Township 17 South, Range 26 East, N.M.P.M., to form a 320-acre gas spacing unit to be dedicated to applicant's well at a non-standard location 1,980 feet from the North line and 660 feet from the West line of said Section 31.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 

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

Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR :
COMPULSORY POOLING, EDDY COUNTY, :
NEW MEXICO :

CASE NO. SS21

APPLICATION

COMES YATES PETROLEUM CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. That, except as hereinafter noted, applicant is
the owner and operator of the entire working interest from the
surface through the Pennsylvanian formation underlying the
N/2 of Section 31, Township 17 South, Range 26 East, N.M.P.M.,
to be dedicated to a well located 1,980 feet from the North
line and 660 feet from the West line of said Section 31, Eddy
County, New Mexico. The unorthodox gas well location is the
subject of a separate application.

2. George A. Donnelly, Jr., Richard Donnelly, Peggy
Donnelly McConnell, The Eastland Oil Company, R. T. Roark,
Hooker-O'Kelley, Ltd., Marks Crane and Rigging Company, A. J.
Losee, Marton Majoros, Fernando U. Duralde, William Edwin Green,
Jr., Edward S. Bivens, Charles W. Thompson, Coquina Oil Corpora-
tion, Mark D. Wilson and Robert E. Boling are the owners of the
oil and gas leasehold estate comprising the N/2 NE/4 and an
undivided 1/2 interest in the ^{5/2 NE/4}~~S/2 SE/4~~ of said Section 31, and
a portion of said owners has not agreed to pool their interests
with applicant.

3. That, to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the N/2 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, all mineral interests, whatever they may be, from the surface through the Pennsylvanian formation underlying the N/2 of said Section 31 should be pooled.

4. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

5. That applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge attributable to each non-consenting working interest.

WHEREFORE, applicant prays:

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

B. That upon hearing, the Commission enter its order pooling all mineral interests, whatever they may be, from the surface through the Pennsylvanian formation underlying the N/2 of said Section 31, Township 17 South, Range 26 East, N.M.P.M., to form a 320-acre gas spacing unit to be dedicated to applicant's well at a non-standard location 1,980 feet from the North line and 660 feet from the West line of said Section 31.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 

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

Attorneys for Applicant

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5521

Order No. R- 5062

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

RS This cause came on for hearing at 9 a.m. on July 2, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of July, 1975, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 5521 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.