

CASE 5695: YATES PET. CORP. FOR
AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO

tion

CASE NO.

5695

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 21, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpora-) CASE
tion for an unorthodox oil well location) 5695
Eddy County, New Mexico.)

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: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: A. J. Losee, Esq.
LOSEE & CARSON, P.A.
Attorneys at Law
300 American Home Building
Artesia, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I N D E X

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EDDIE MAHFOOD

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1 MR. STAMETS: We will call the next Case 5695.

2 MR. CARR: Case 5695, application of Yates
3 Petroleum Corporation for an unorthodox oil well location,
4 Eddy County, New Mexico.

5 MR. LOSEE: A. J. Losee appearing on behalf of
6 Yates Petroleum Corporation. I have one witness, Mr. Eddie
7 Mahfood.

8 MR. STAMETS: This is the same witness previously
9 sworn in a previous case and the record should so reflect.

10
11 EDDIE MAHFOOD
12 called as a witness, having been previously sworn, was
13 examined and testified as follows:

14
15 DIRECT EXAMINATION

16 BY MR. LOSEE:

17 Q What is the purpose of this application, Mr. Mahfood?

18 A Yates Petroleum is considering a secondary recovery
19 project in the Eagle Creek-San Andres Field and before we do
20 any injecting we are considering putting a fifth well in
21 this forty acres and monitoring this well from the very start,
22 putting it in a separate tank battery, noting the decline at
23 some point where we can go ahead and start injecting and
24 observe the effect of the injection on this well but in order
25 to do this we need to get the decline history before we start

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1 the secondary recovery.

2 In a sense you might be able to say this fifth well
3 is the beginning of a secondary recovery project because there
4 might be some advantage to such a drilling.

5 Q This fifth well is not located on this forty in an
6 active waterflooding program?

7 A This is correct.

8 Q Please refer to your plat which is Exhibit One and
9 briefly state what it portrays?

10 A The plat is a lease-ownership map with the square
11 outlined in yellow is the forty acres we are considering
12 for the pilot area. It is in the southwest of the northeast
13 quarter of Section 22 of 17, 25. There are already four wells
14 located on there, the No. 3, 6, 9 and 11.

15 Q They are all producing at this time?

16 A They are all producing.

17 Q Who has the offset acreage?

18 A Yates Petroleum has all of the offset acreage.

19 Q Please refer to what has been marked as Exhibit Two
20 and explain what is shown by this exhibit?

21 A Exhibit Two is an isopachous map of the Eagle Creek-
22 San Andres and that line going right through the yellow
23 circle which is the proposed No. 13 well is seven porosity
24 feet.

25 Q What kind of wells are the offset wells on this

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1 forty, how much oil are they making approximately or do you
2 know at this time?

3 A. I could only give you an average figure. We are
4 averaging around ten to twelve barrels a day a well.

5 Q. As far as this new fifth well are you going to
6 put in a separate battery?

7 A. That is correct.

8 Q. So you will be able to monitor it more closely?

9 A. That is correct.

10 Q. Please refer to what has been marked as Exhibit
11 Three and explain what is shown by this exhibit?

12 A. Exhibit Three is the production history of the
13 J Lazy J lease and we started out just to plot the oil
14 production, later we started plotting gas and in '74 we
15 started plotting the water. Now, I don't know why they
16 weren't plotting the water all along but on this particular
17 plat that is the way it is.

18 The gas production, we started plotting it in
19 '73 because that is the time we got our gas connections out
20 there.

21 Q. Okay, now, did you based on this --

22 A. I have projected the decline on this oil production
23 and the first decline curve would be when we were on forty-
24 acre spacing, at that time we had four wells and over a period
25 of three years we see first a hyperbolic decline and towards

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1 the end of three years there we figured we could just use a
2 straight-line decline to come up with the ultimate reserves.
3 So, we found that on forty-acre spacing the four wells would
4 produce approximately a hundred and eighty-five thousand
5 barrels of oil before they reach an abandonment point of a
6 half a barrel a day. This is an arbitrary point I picked.

7 Q A hundred and eighty-five thousand dollars per
8 well?

9 A No, barrels of oil.

10 Q For the four wells?

11 A For the four wells.

12 MR. STAMETS: Isn't that for two wells?

13 A That was for four wells. No, we proceeded at this
14 time, we proceeded to develop on twenty-acre spacing on
15 eighty acres of this hundred and sixty.

16 Q (Mr. Losee continuing.) Eddie, before you go further,
17 let's make sure that we have this. Your hundred and
18 eighty-five thousand is the ultimate primary for all four
19 wells that were in the field then?

20 A That is correct.

21 Q Your figure of ninety-five thousand is really just
22 half of that?

23 A Approximately half, it should be a little better
24 than half because the eighty acres we were developing, we
25 did additional drilling in it in the thicker part of that

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1 isopachous map.

2 Q Okay, now, go ahead with your twenty-acre spacing,
 3 excuse me.

4 A We allotted ninety-five thousand barrels for the
 5 two forties that we have done some infield drilling in.

6 Q Okay.

7 Q So we drilled four more wells on this eighty and so
 8 we have twenty-acre spacing now and the ultimate recovery is
 9 two hundred and sixty-nine and seven hundred for all wells
 10 which you take away the ninety thousand and leaves a hundred
 11 and seventy-nine thousand for the two wells, for two forties,
 12 for the eighty acres on which there are four wells now.

13 Q How long a period did you have it on twenty-acre
 14 spacing?

15 A We had it not very many months, four or five months.
 16 Now, I locate the twenty-acre spacing, it's very approximate.

17 Q Then did you develop it on ten-acre spacing?

18 A Then we developed it on ten-acre spacing. We have
 19 eight wells on this eighty acres and the estimated ultimate
 20 primary for this eighty acres would be three hundred and
 21 seventy thousand barrels of oil, which would be the four-sixty
 22 for the entire field, minus the ninety thousand.

23 Q What does this exhibit show?

24 A Okay, it appears that we are going to twenty because
 25 we almost double our reserves and by going to ten-acre spacing

1 almost quadruple our reserves. The problem now is if we go
2 to eight-acre spacing we have increased our reserves, our
3 ultimate primary reserves five-fold.

4 Q And that is what you will be able to determine by
5 drilling this fifth well?

6 A Yes.

7 Q Were Exhibits One through Three prepared by you?

8 A Yes.

9 MR. LOSEE: I move their introduction.

10 MR. STAMETS: These exhibits will be admitted.

11 (THEREUPON, Applicant's Exhibits One through
12 Three were admitted into evidence.)

13 MR. LOSEE: I have no further questions at this
14 time.

15
16 CROSS EXAMINATION

17 BY MR. STAMETS:

18 Q A point of clarification, this well is in the
19 center of the forty and would actually be an orthodox location?

20 A This is correct.

21 Q If it weren't for the fact that there are four
22 other wells developed in too close proximity to the other
23 four?

24 A That is correct. I have some production figures
25 on these four wells in this particular forty. The No. 3 well

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1 which was unusual when it was drilled has produced some
2 forty thousand barrels of oil to date and is producing three-
3 and-a-half barrels per day right now and if you will extrapolate
4 that down to about a half a barrel a day you will end up with
5 six thousand barrels or seven thousand barrels, so that
6 ninety-five thousand for two wells is reasonable.

7 The No. 6 Well which has produced on twenty-acre
8 spacing has eighteen thousand cumulative production, is
9 making about twelve barrels of oil per day and the No. 9 is
10 thirteen thousand cumulative with fifteen barrels per day
11 and the No. 11 which is the last one to produce in the ten-
12 acre spacing is ten thousand barrels cumulative, it's
13 seventeen barrels of oil per day.

14 MR. LOSEE: One other thing that rule says is that
15 you can't have more than four wells unless it is in an active
16 waterflood.

17 A. I think it said secondary recovery.

18 Q. (Mr. Stamets continuing.) On the basis of your
19 testimony then, additional oil will be recovered with the
20 additional well in there which should promote the prevention
21 of waste?

22 A. Right.

23 Q. And correlative rights are no particular question
24 in this case?

25 A. No.

Q Yates is the only operator in this pool, is that correct?

A Well, Mr. Branburg has six wells way over to the west end of the field.

MR. STAMETS: Any other questions of the witness?

He may be excused.

(THEREUPON, the witness was excused.)

MR. STAMETS: Anything further in this case?

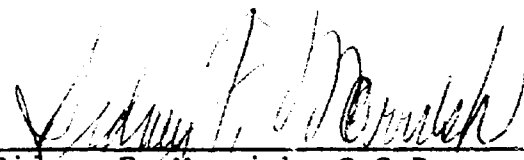
The case will be taken under advisement and the hearing is adjourned.

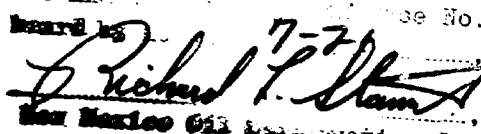
(THEREUPON, the hearing was adjourned.)

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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a copy of the proceedings in
the Ex. No. 5695
heard on 7-7, 1976

Richard L. Stamm, Examiner
New Mexico Oil Conservation Commission

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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. 5695
Order No. R-5242

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX OIL
WELL LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 21, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of July, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox oil well location for its J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, NMPM, to test the San Andres formation, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

(3) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(4) That no offset operator objected to the proposed unorthodox location.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, and will otherwise prevent waste and protect correlative rights.

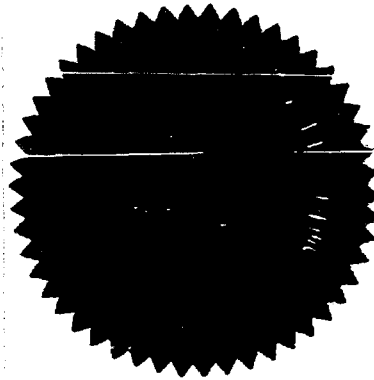
-2-
Case No. 5695
Order No. R-5242

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the San Andres formation is hereby approved for applicant's J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, NMPM, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero

PHIL R. LUCERO, Chairman

Emery C. Arnold

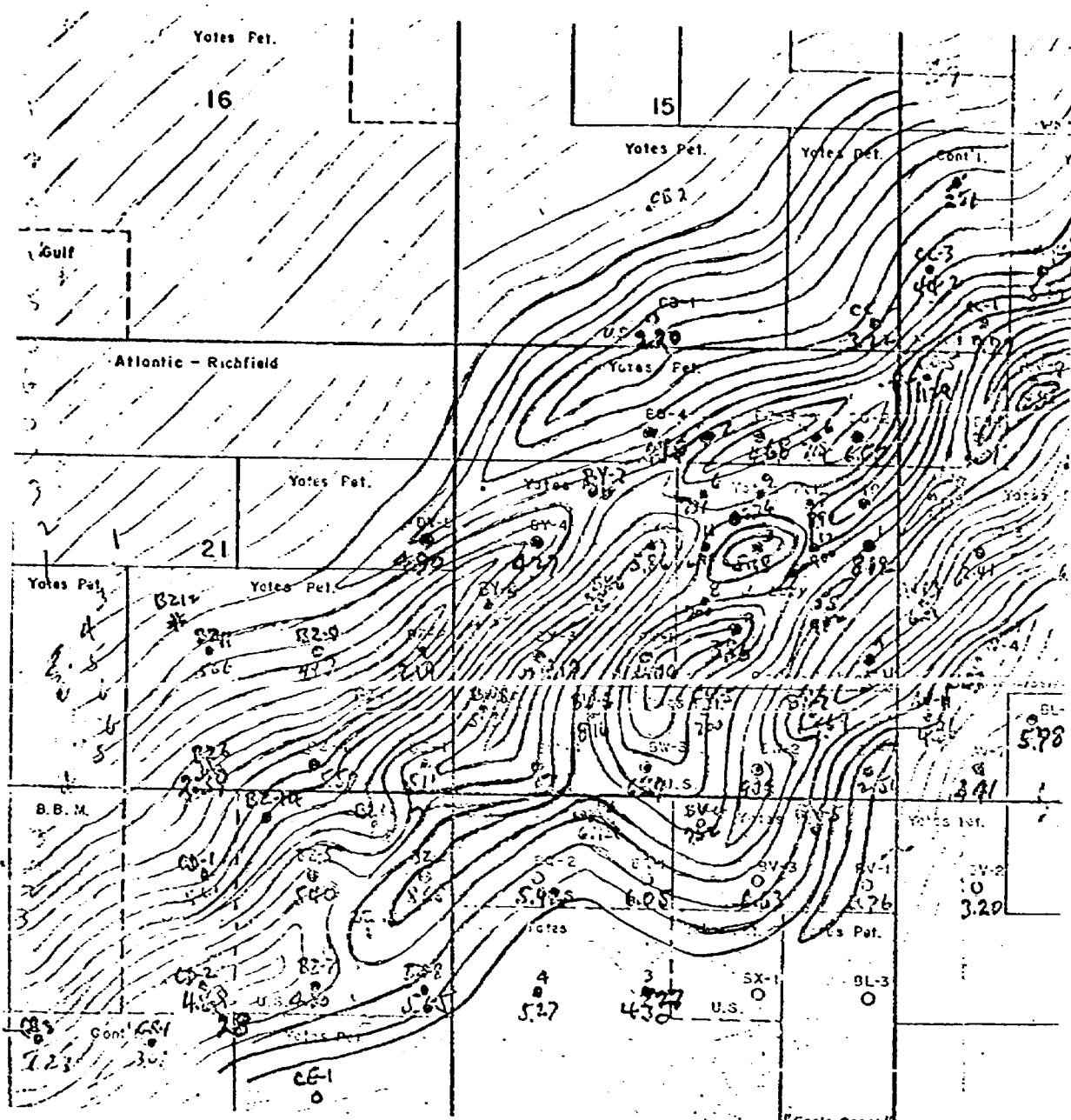
EMERY C. ARNOLD, Member

Joe D. Ramey

JOE D. RAMEY, Member & Secretary

jr/

Submitted by
Hearing Date



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

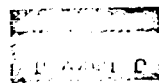
EXHIBIT NO. 2

CASE NO. 5695

Submitted by

Hearing Date

Topach Map
Eagle Creek San Andres



CASE 5724: Application of Yates Petroleum Corporation for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purposes of treating and reclaiming sediment oil at a site in the SE/4 of Section 25, Township 17 South, Range 25 East, Eddy County, New Mexico.

CASE 5725: Application of General American Oil Company for extension of time for temporary abandonment, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks extension of time for temporary abandonment of certain wells in Eddy County, New Mexico, said wells being described as follows:

Township 16 South, Range 29 East:

Brewer Nos. 19 and 28 in Section 12; Brewer Nos. 11, 12, 14, 24, and 25 in Section 13; Brewer Nos. 3, 4, 5, 17, 18, 20, 21, 23, and 27 and Bosworth Nos. 1, 2, 3, and 4 in Section 14; and Nunlee Nos. 4, 5, and 6 in Section 35.

Township 16 South, Range 30 East:

Sivley No. 3 in Section 8.

Township 17 South, Range 29 East:

Keely "C" Nos. 10, 12, 18, 20, 25, and 37 in Section 25; Keely "B" No. 15 in Section 26; Green "A" Nos. 1 and 4 in Section 29; State B4102 No. 1 in Section 32; and State B1778 Nos. 1 and 3 and State B4458 No. 2 in Section 36.

Township 17 South, Range 30 East:

Burch "A" Nos. 23 and 24 in Section 19; Dexter "E" No. 2 in Section 20; Parke "E" No. 2 in Section 22; Grayburg D. U. No. 5 in Section 25; Maddren "B" Nos. 6 and 9 in Section 27; Beeson "F" No. 9 in Section 29; Grayburg D. U. Nos. 4 and 6 in Section 30; Beeson "F" Nos. 1, 3, 4, 5, 6, 12, 13, 14, and 16 in Section 31; and Arnold "D" Nos. 8 and 9 in Section 34.

Three of the above wells are undesignated and the others are variously located in the High Lonesome, West Square Lake, Grayburg Jackson, Loco Hills, and West Henshaw Premier Pools.

CASE 5695: (Continued from June 23, 1976, Examiner Hearing)

Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico.



YATES BUILDING - 207 SOUTH 4TH ST.
ARTESIA, NEW MEXICO - 88210

Are 5695
S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

May 14, 1976

Mr. Joe Ramey, Secry-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Secondary Recovery Project
Eagle Creek (San Andres)
Eddy County, New Mexico

Dear Mr. Ramey:

Yates Petroleum Corporation desires to initiate in their Eagle Creek (San Andres) Pool a secondary recovery project having multiple phases of research and monitoring. Priority concern is density drilling to determine the enhancement of recovery by closer spacing (8-acre spacing), then the conversion of perimeter wells one at a time while monitoring the producer in the center location. The first input well would be set up for water injection at 400 psi wellhead pressure, and subsequent conversions would be for polymer flooding, miscellar flooding and miscible flooding, but not necessarily in this order.

In accord with OCC Rule 701B, attached hereto are lease ownership plat showing the location of all wells within a two-mile radius, logs and diagramatic sketches of the proposed injection wells. All wells are slaughter oil completions.

The proposed pilot area is Unit G of Section 22-173-25E. The wells to be converted are the J Lazy J Nos. 3, 6, 9 and 11, and are existing oil wells. A fifth well needs to be

May 14, 1976

Page 2:

Secondary Recovery Project
Eagle Creek (San Andres)

drilled in the center of the 40-acres (located 1980' FEL
and 1980' FNL of Section 22), designated as J Lazy J No. 13.

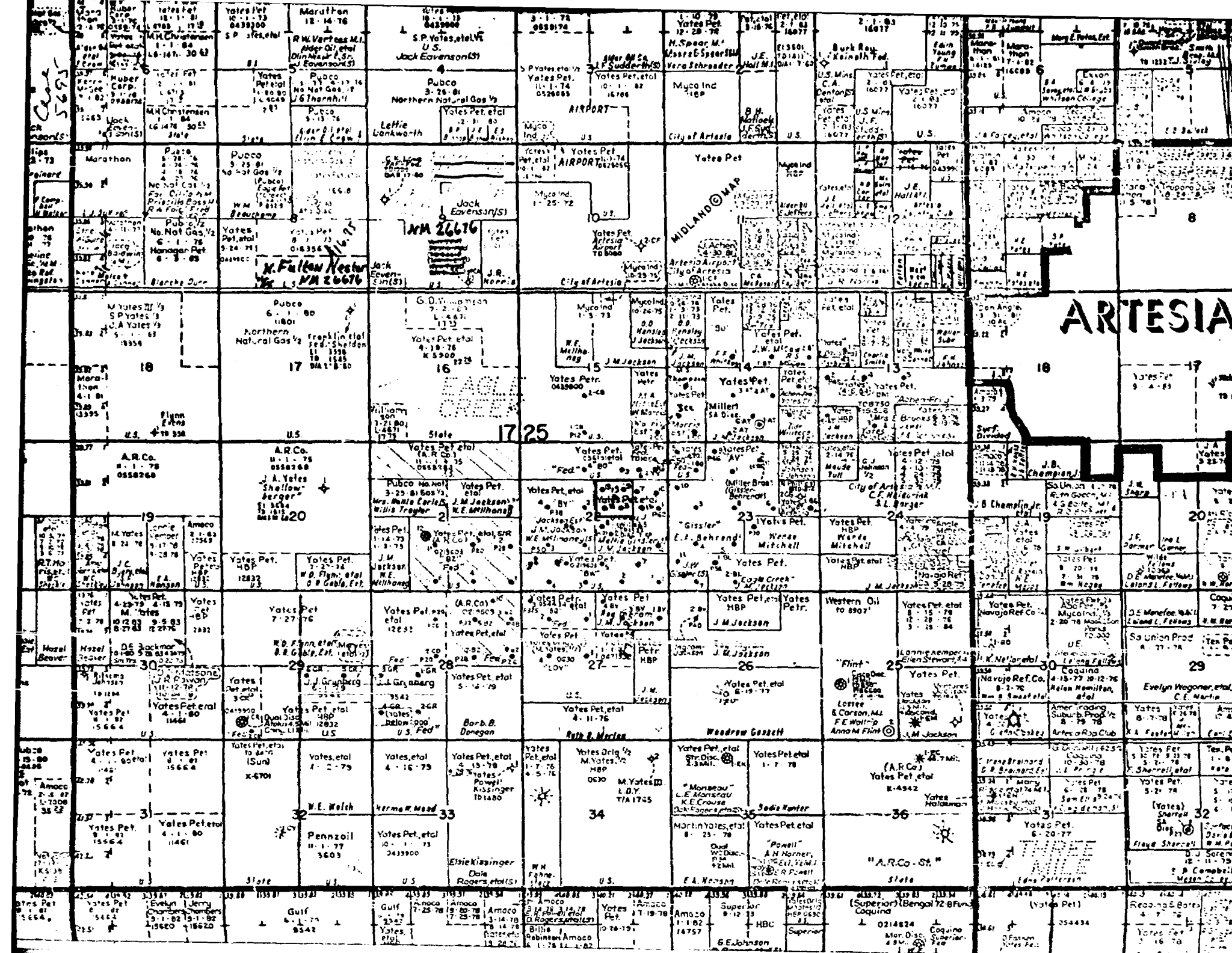
An exception to Rule 104(C)-1 is asked for this fifth
well. Thank you.

Yours very truly,

YATES PETROLEUM CORPORATION


Eddie M. Mahfood
Engineer

EMM/pt



Case 5695

Gamma-Ray Neutron Log

UNITED PETROLEUM CORPORATION
W. L. 227 J. 25
EAGLE CREEK
EDDY STATE NEW MEXICO

2310' FNL & 2310' FEL
24 17-S 25-E

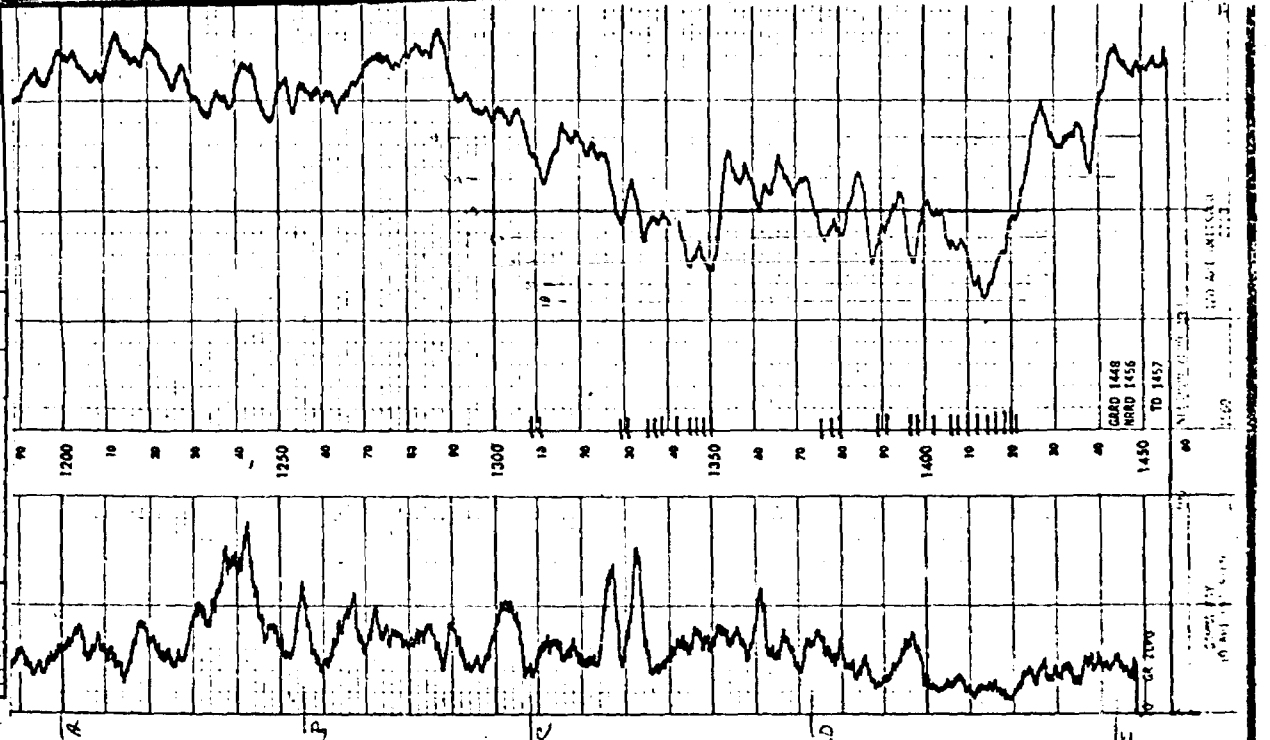
OTHER SERVICES
NONE

REV. 3529
REV. 3529

DEPTH	GRAB NO.	TIME	TEMP.	WELL
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2500				

CASING RECORD

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2500		



Gamma-Ray Neutron Log

UNITED PETROLEUM CORPORATION
W. L. 227 J. 25
EAGLE CREEK
EDDY STATE NEW MEXICO

2310' FNL & 2310' FEL
24 17-S 25-E

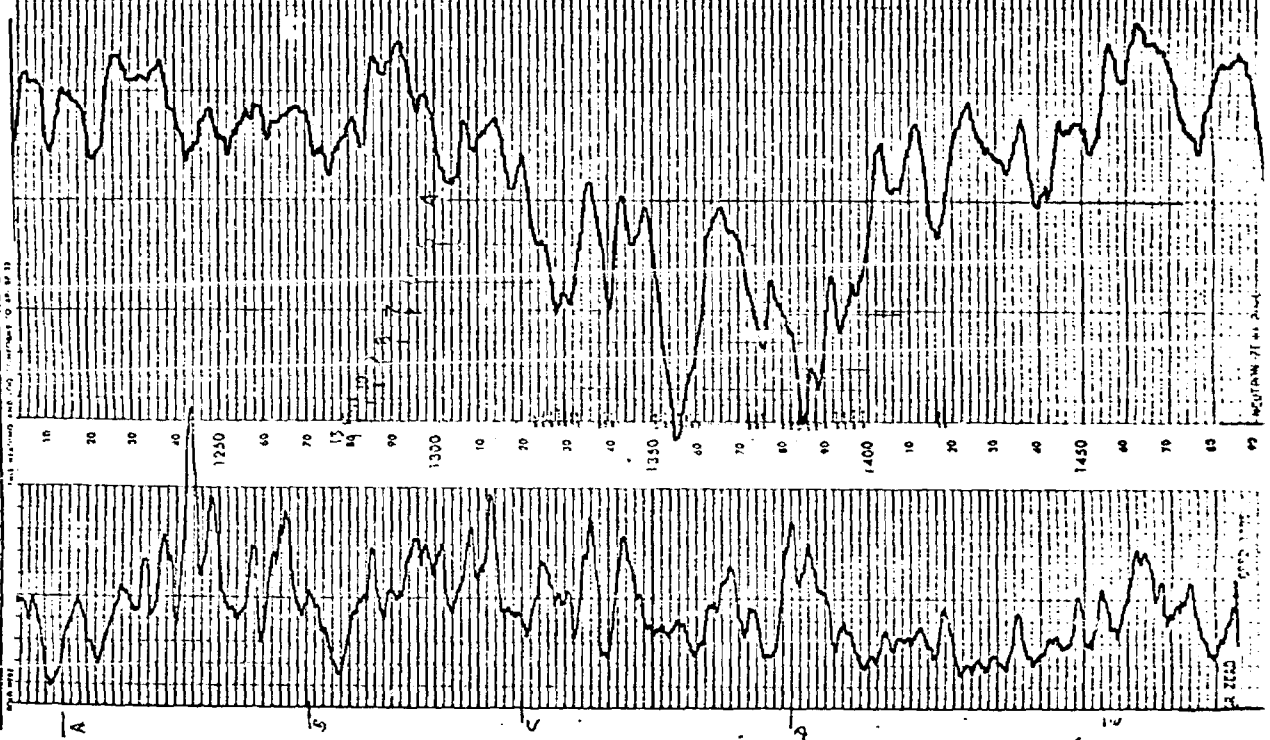
OTHER SERVICES
NONE

REV. 3533
REV. 3546

DEPTH	GRAB NO.	TIME	TEMP.	WELL
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CASING RECORD

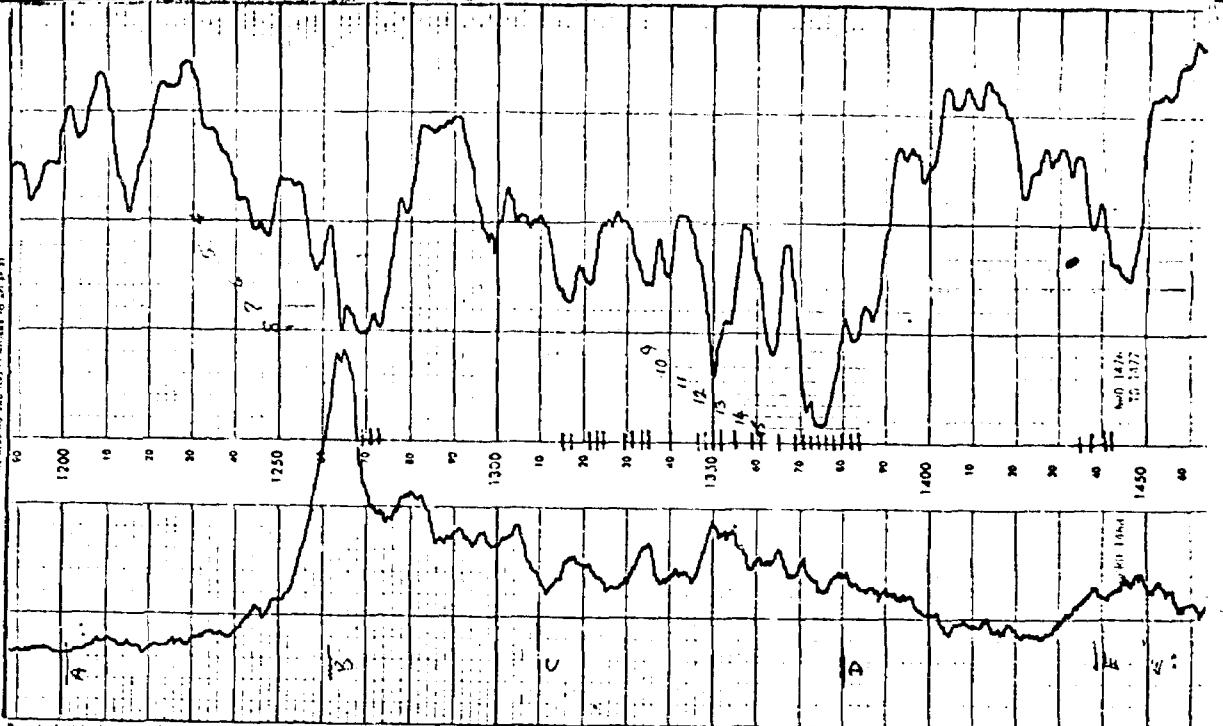
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Case 5695

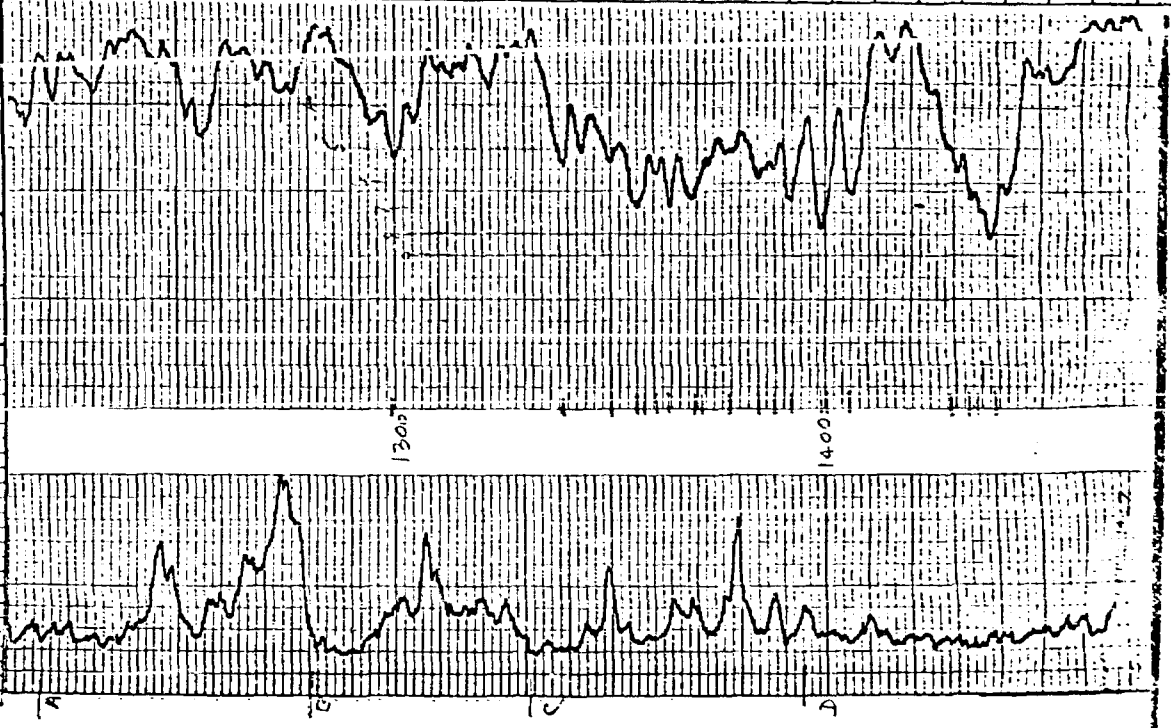
ma-Ray Neutron Log

COMPANY		STATE	
WELL		DATE	
FIELD		COUNTRY	
COUNTY		STATE	
LOCATION		TIME	
DEPTH		TEMPERATURE	
PRESSURE		SPEED	
DENSITY		RADIOACTIVITY	
NEUTRON LOG		CASING RECORD	



ERFOJET SERVICES HOBBS, NEW MEXICO RADIOACTIVITY LOG

COMPANY		STATE	
WELL		DATE	
FIELD		COUNTRY	
COUNTY		STATE	
LOCATION		TIME	
DEPTH		TEMPERATURE	
PRESSURE		SPEED	
DENSITY		RADIOACTIVITY	
NEUTRON LOG		CASING RECORD	



Diagrammatic Sketch of Proposed Injection Well

J Lazy J #11, 2310' FNL, 2310' FEL, Sec. 22-17S-25E, Eddy Co., NM

Elev: 3533' GR = 3546' KB

Spudded: 10-8-75

TD Reached: 10-12-75

Completed: 11-1-75

IPP: 44 BOPD

Top of San Andres @ 741' KB

Base of Artesian Zone @ 1041' KB

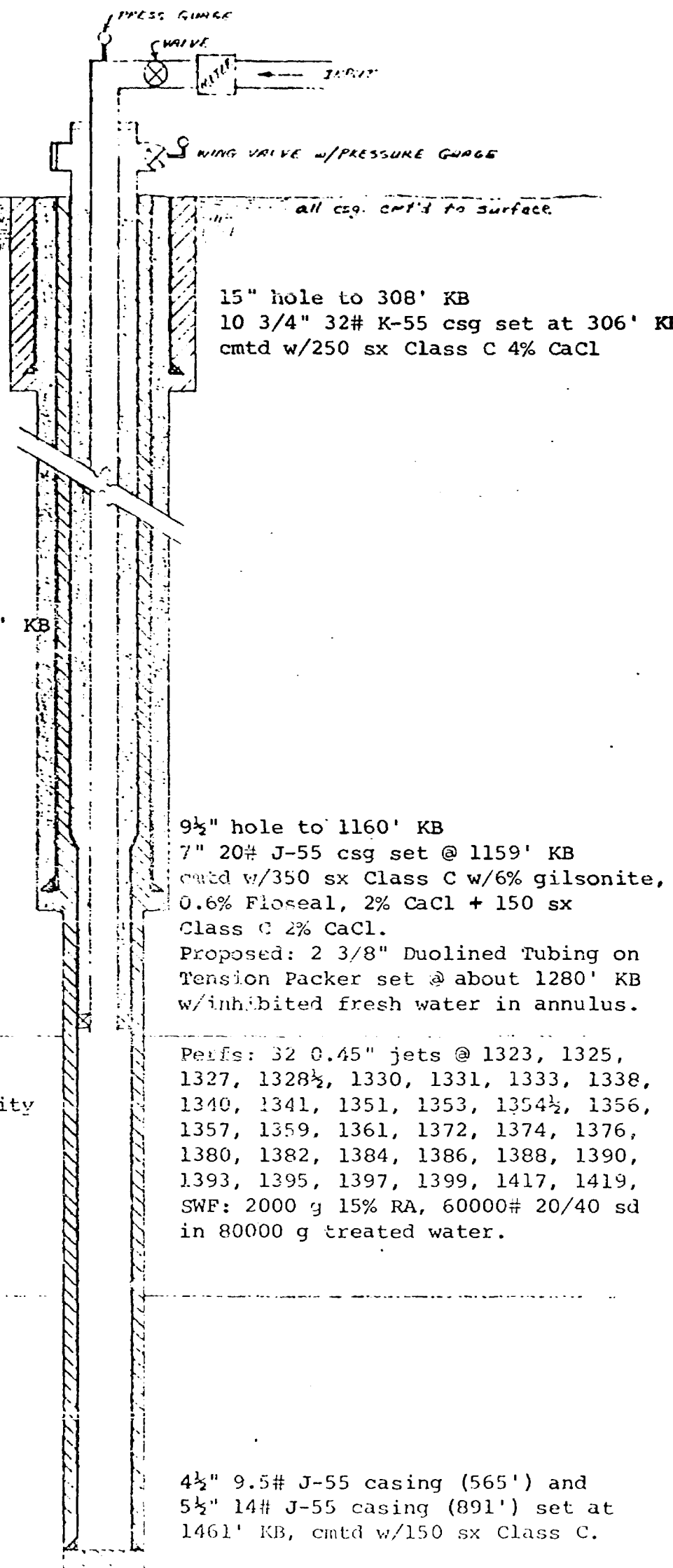
Top of Slaughter @ 1214'

Slaughter Pay

Dol w/vuggy & interxln porosity
@ 1270-1420'

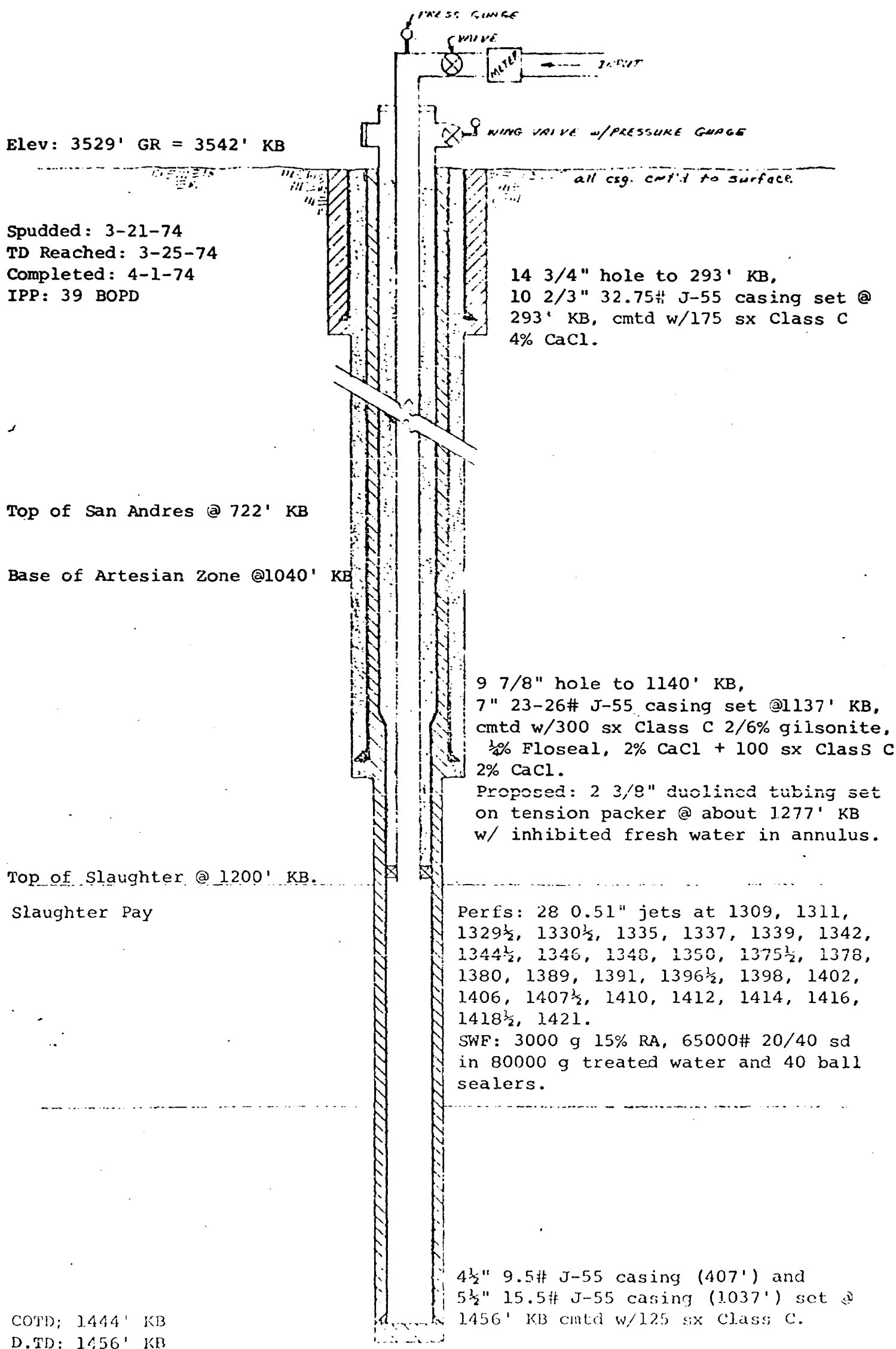
COTD: 1460' KB

D.TD: 1500' KB



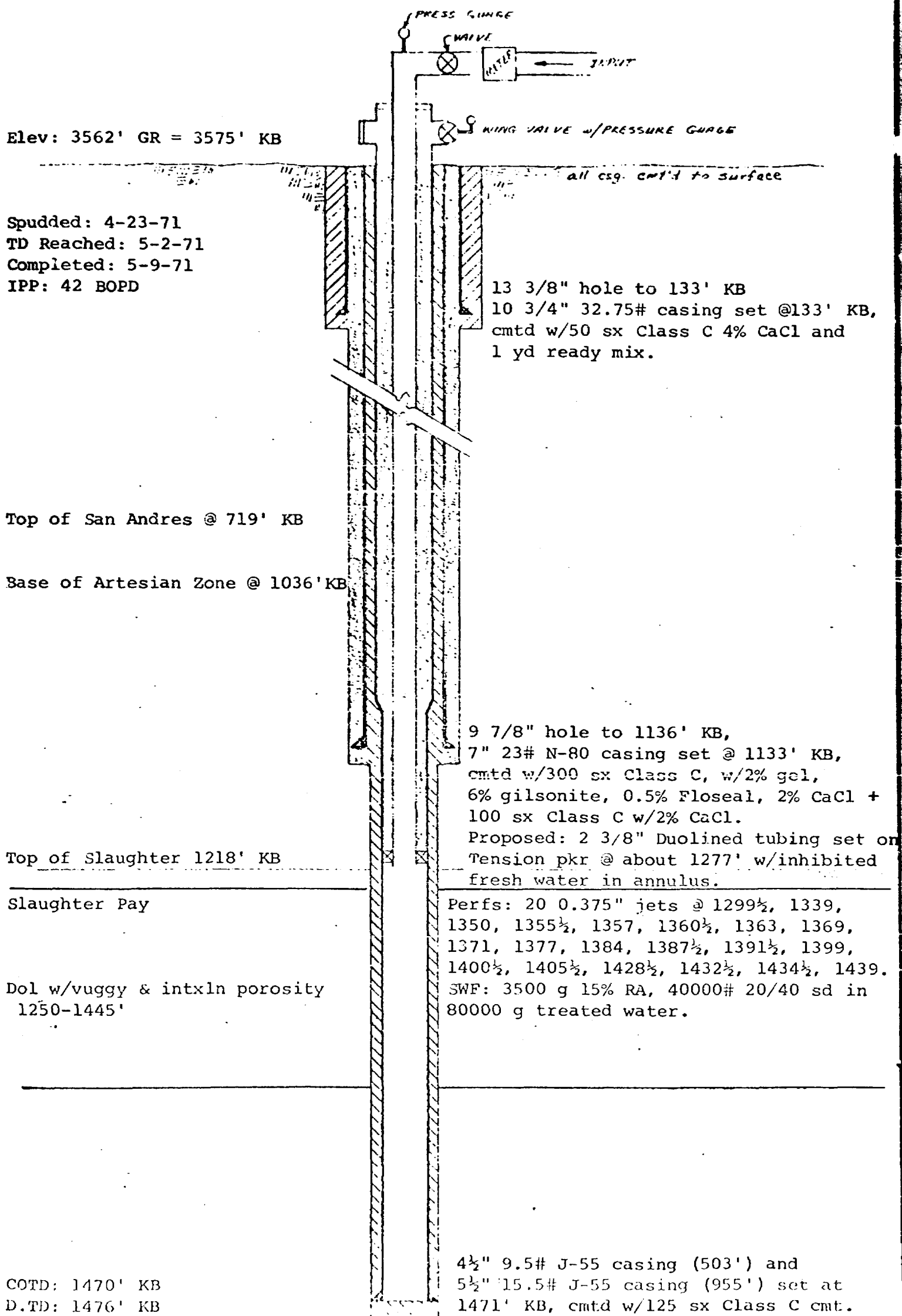
Diagrammatic Sketch of Proposed Injection Well

J Lazy J No. 6, 1650' FNL, 2310' FEL, Sec. 22-17S-25E, Eddy Co, NM



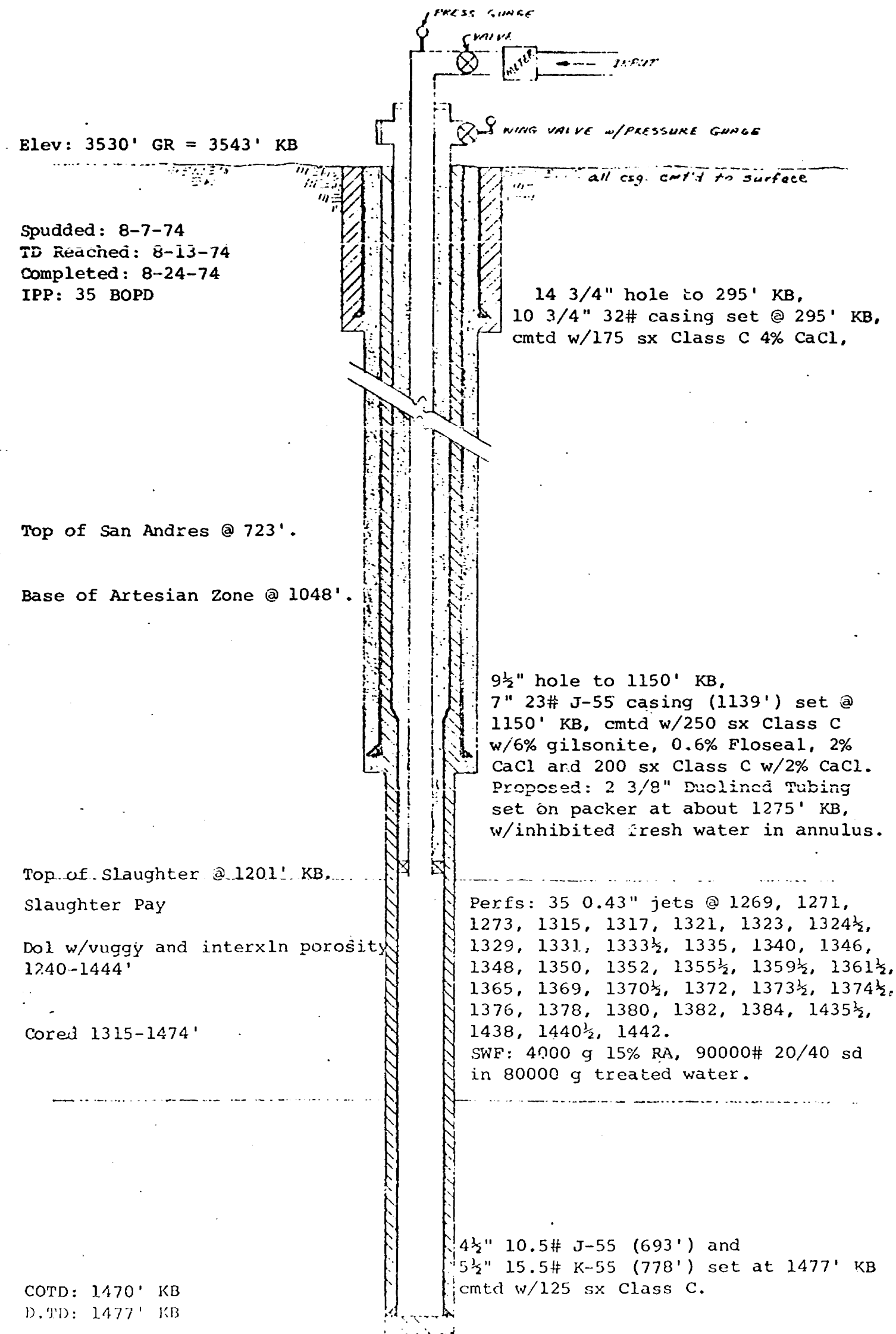
Diamrammatic Sketch of Proposed Injection Well

J Lazy J No. 3, 2310' FNL, 1650' FEL, Sec. 22-17S-25E, Eddy Co, NM



Diagrammatic Sketch of Proposed Injection Well

J Lazy J No. 9, 1650' FNL, 1650' FEL, Sec. 22-17S-25e, Eddy Co, NM

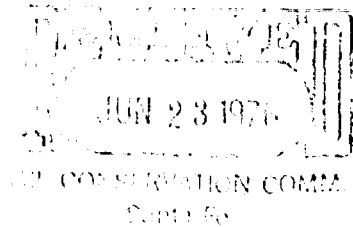


A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

LAW OFFICES
LOSEE & CARSON, P.A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

22 June 1976



Mr. Richard L. Stamets, Examiner
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Yates Petroleum Corporation
Applications Case Nos. 5695 and 5696

Dear Mr. Stamets:

This will confirm our telephone conversation of this date in which the Commission was asked to continue Case No. 5695 from the June 23 to the July 21, 1976, examiner hearing, and to dismiss Case No. 5696.

Very truly yours,

LOSEE & CARSON, P.A.

A handwritten signature in dark ink, appearing to read "A. J. Losee".

A. J. Losee

AJL:jw

cc: Mr. Eddie Mahfood

Dockets Nos. 19-76 and 20-76 are tentatively set for hearing on July 7 and July 21, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 23, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Starvets, Examiner, or Daniel S. Mutter, Alternate Examiner:

CASE 5689: (Continued from June 8, 1976 Examiner Hearing)

Application of Dalport Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jones Federal Well No. 4 to be drilled 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

CASE 4843: (Reopened) (Continued from June 9, 1976 Examiner Hearing)

In the matter of Case 4843 being reopened pursuant to the provisions of Order No. R-4435-A, which order extended the special pool rules for the Southeast Chaves Queen Gas Area, Chaves County, New Mexico, including a provision for 320-acre spacing and proration units for gas wells. All interested parties may appear and show cause why said Order No. R-4435 should not be rescinded.

CASE 5695: Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

CASE 5696: Application of Yates Petroleum Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Eagle Creek-San Andres Pool by the injection of water into the San Andres formation through its J Lazy J Wells Nos. 3, 6, 9, and 11, all located in Unit G of Section 22, Township 17 South, Range 25 East, Eddy County, New Mexico.

CASE 5697: Application of Elk Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northeast Kennitt Unit Area comprising 3025 acres, more or less, of State land in Township 16 South, Range 34 East, Lea County, New Mexico.

CASE 5698: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde gas production in the wellbore of its San Juan 22-7 Unit Well No. 82 located in Unit A of Section 4, Township 27 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5699: Application of Dalport Oil Corporation for an exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Jones-Federal Well No. 3 located in Unit E of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

CASE 5700: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 24, Township 20 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a proposed gas well to be drilled at an orthodox location in the S/2 of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5701: Application of Arahco, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Abc and Padlock formations through the perforated interval from approximately 5845 feet to 8480 feet and the open-hole interval from approximately 8528 feet to 8900 feet in its State Well No. 2, located in Unit F of Section 2, Township 17 South, Range 36 East, Lovington Field, Lea County, New Mexico.

CASE 5702: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tubb Gas Pool and Brinkard Oil Pool production in the wellbore of its Brunson "B" Well No. 7 located in Unit N of Section 3, Township 15 South, Range 37 East, Lea County, New Mexico.

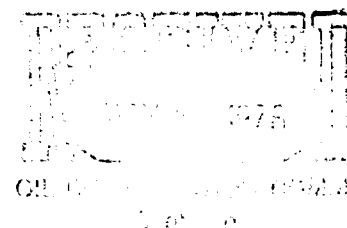
Case 5695
S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.



YATES BUILDING - 207 SOUTH 4TH ST.
ARTESIA, NEW MEXICO - 88210

May 14, 1976

Mr. Joe Ramey, Secry-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501



RE: Secondary Recovery Project
Eagle Creek (San Andres)
Eddy County, New Mexico

Dear Mr. Ramey:

Yates Petroleum Corporation desires to initiate in their Eagle Creek (San Andres) Pool a secondary recovery project having multiple phases of research and monitoring. Priority concern is density drilling to determine the enhancement of recovery by closer spacing (8-acre spacing), then the conversion of perimeter wells one at a time while monitoring the producer in the center location. The first input well would be set up for water injection at 400 psi wellhead pressure, and subsequent conversions would be for polymer flooding, miscellar flooding and miscible flooding, but not necessarily in this order.

In accord with OCC Rule 701B, attached hereto are lease ownership plat showing the location of all wells within a two-mile radius, logs and diagramatic sketches of the proposed injection wells. All wells are slaughter oil completions.

The proposed pilot area is Unit G of Section 22-173-25E. The wells to be converted are the J Lazy J Nos. 3, 6, 9 and 11, and are existing oil wells. A fifth well needs to be

May 14, 1976

Page 2:

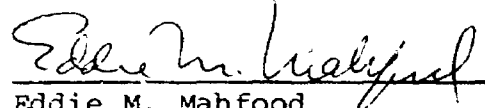
Secondary Recovery Project
Eagle Creek (San Andres)

drilled in the center of the 40-acres (located 1980' FEL
and 1980' FNL of Section 22), designated as J Lazy J No. 13.

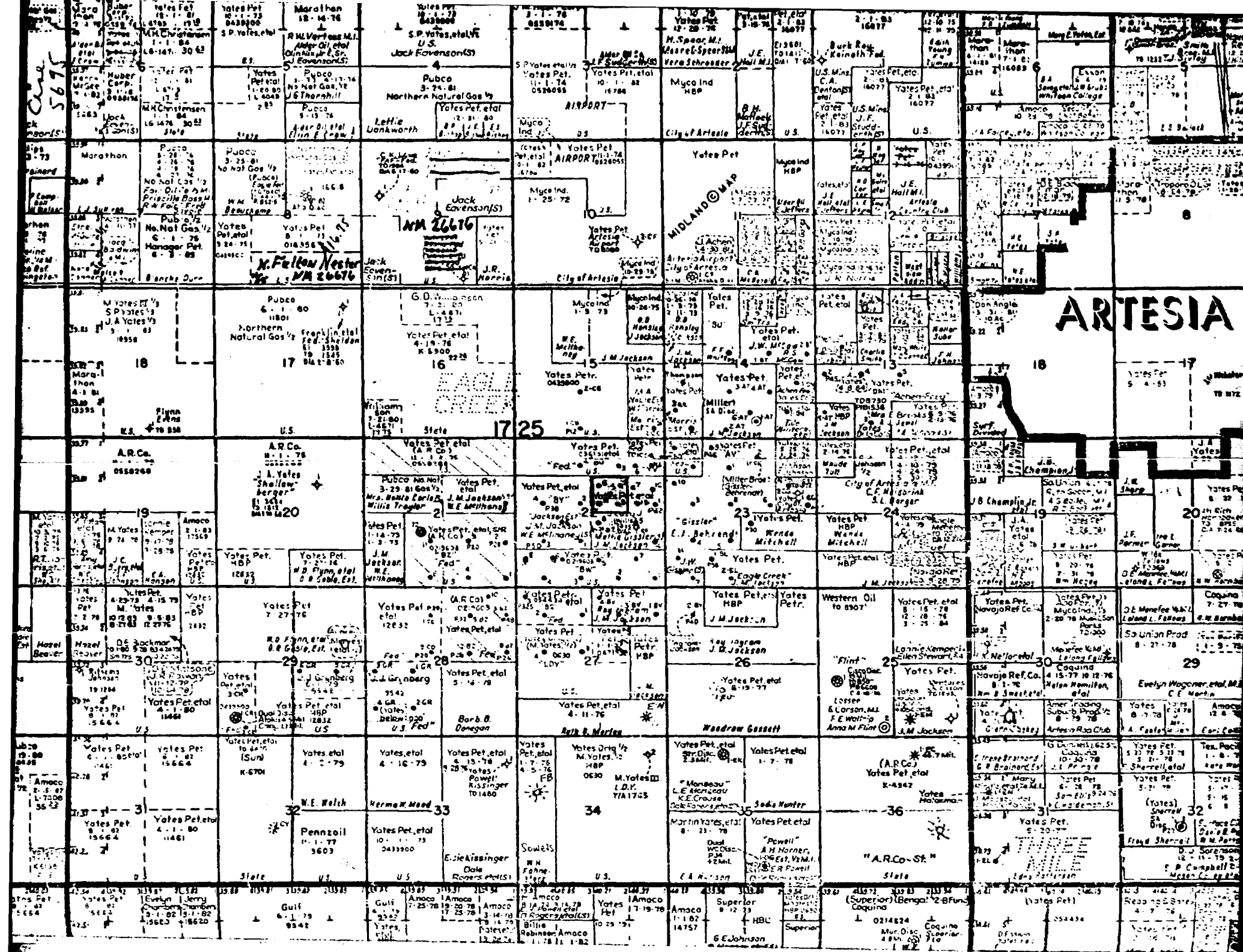
An exception to Rule 104(C)-1 is asked for this fifth
well. Thank you.

Yours very truly,

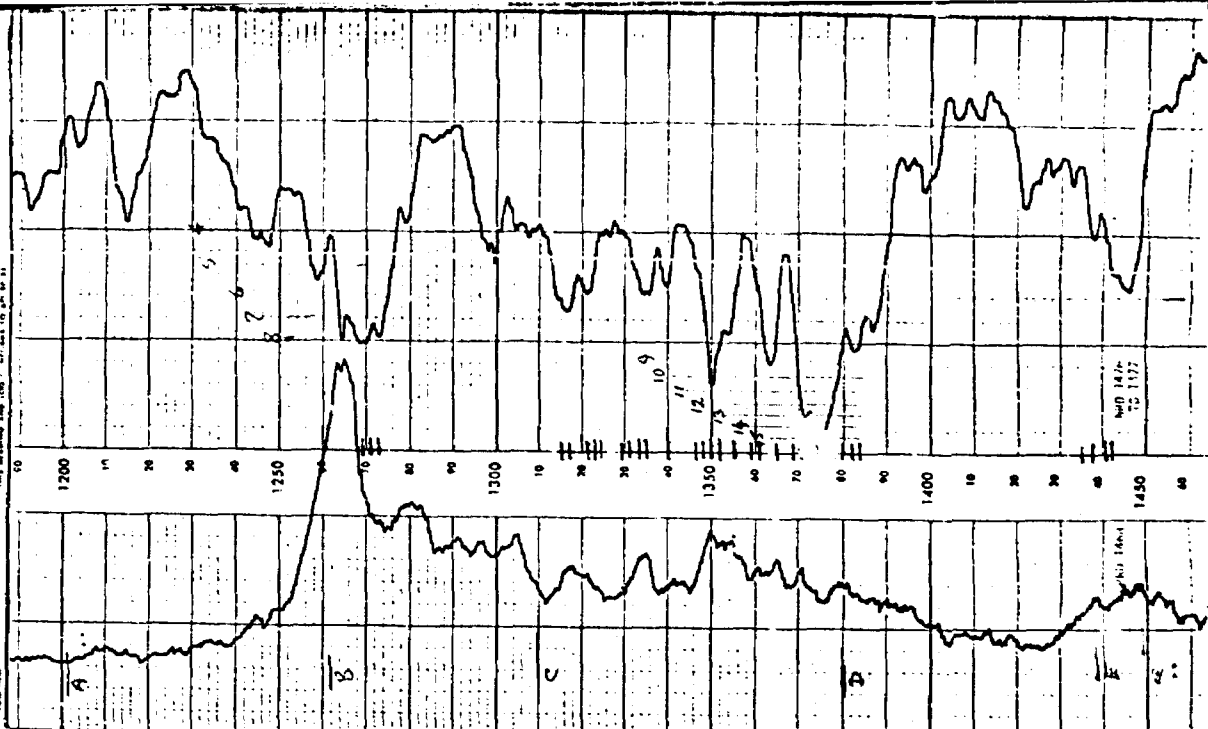
YATES PETROLEUM CORPORATION


Eddie M. Mahfood
Engineer

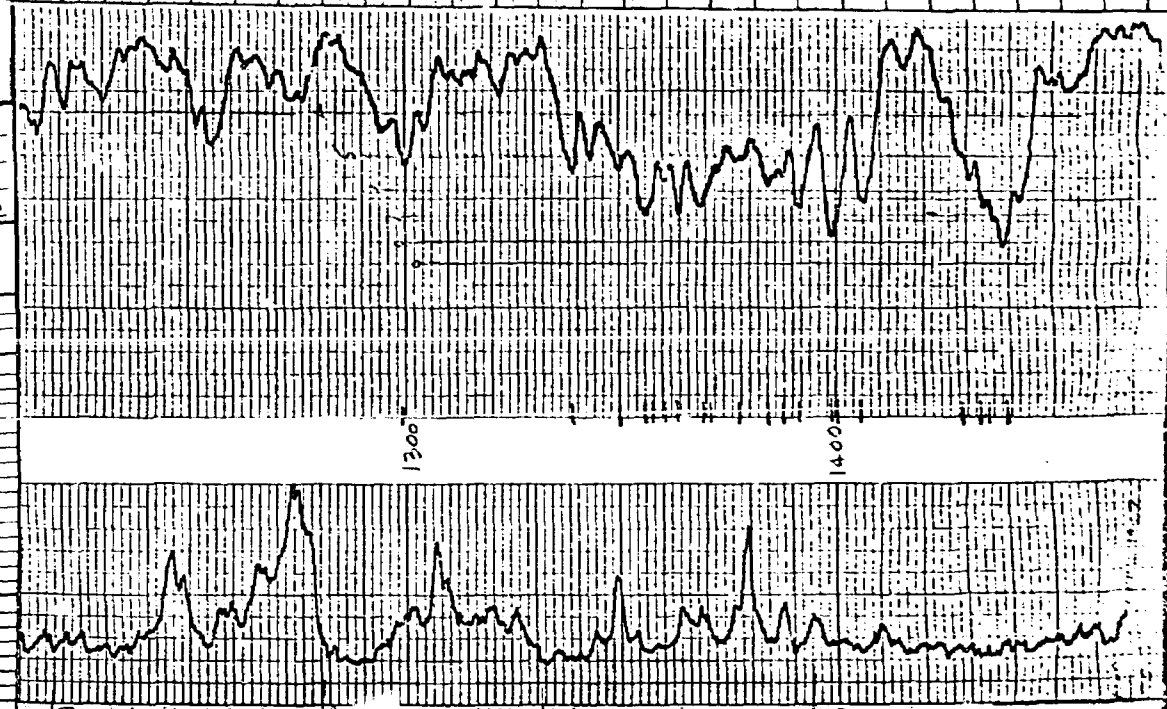
EMM/pt



ma-Ray Action Log

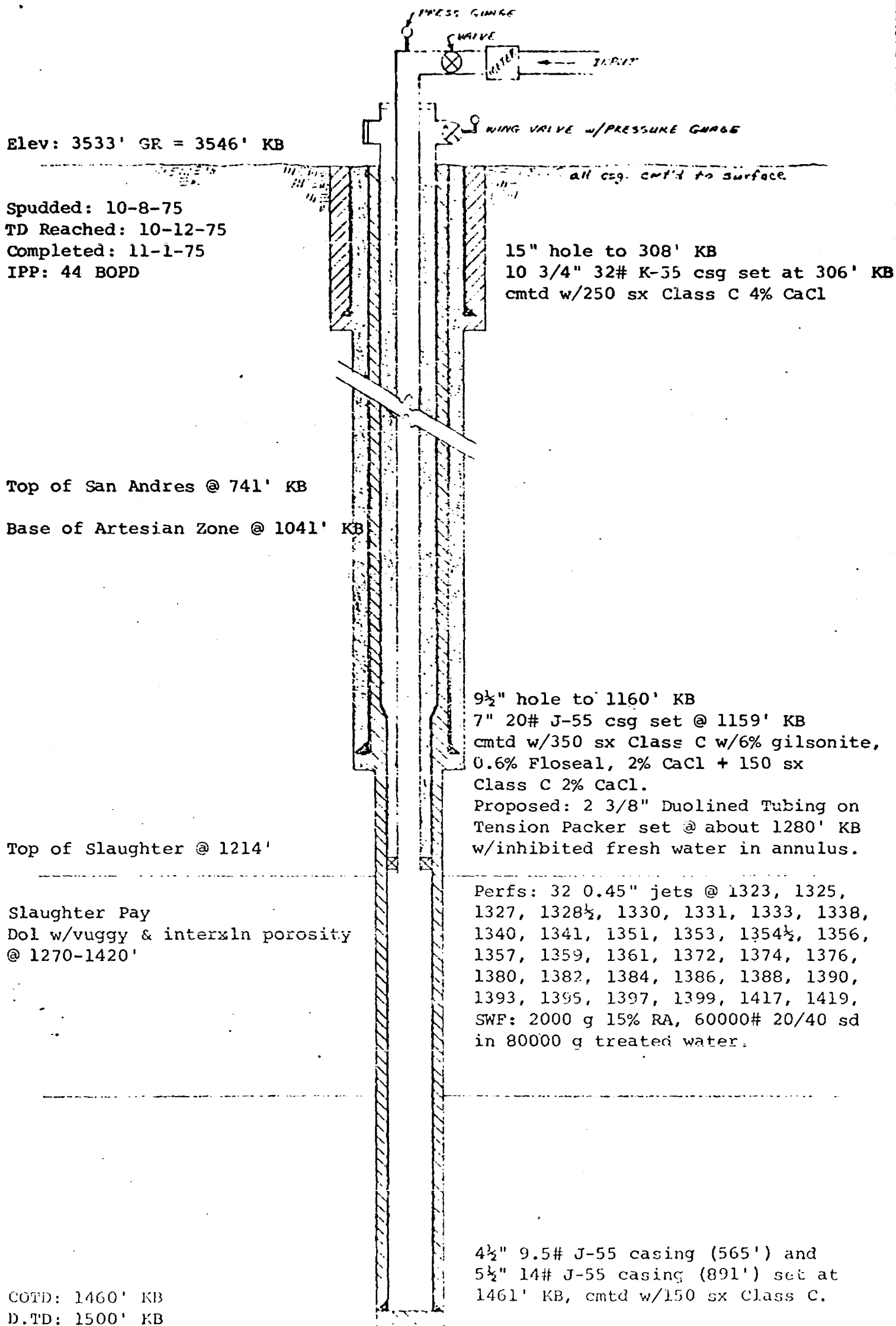
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ERFOJET SERVICES
HOBBS, NEW MEXICO
RADIOACTIVITY LOG

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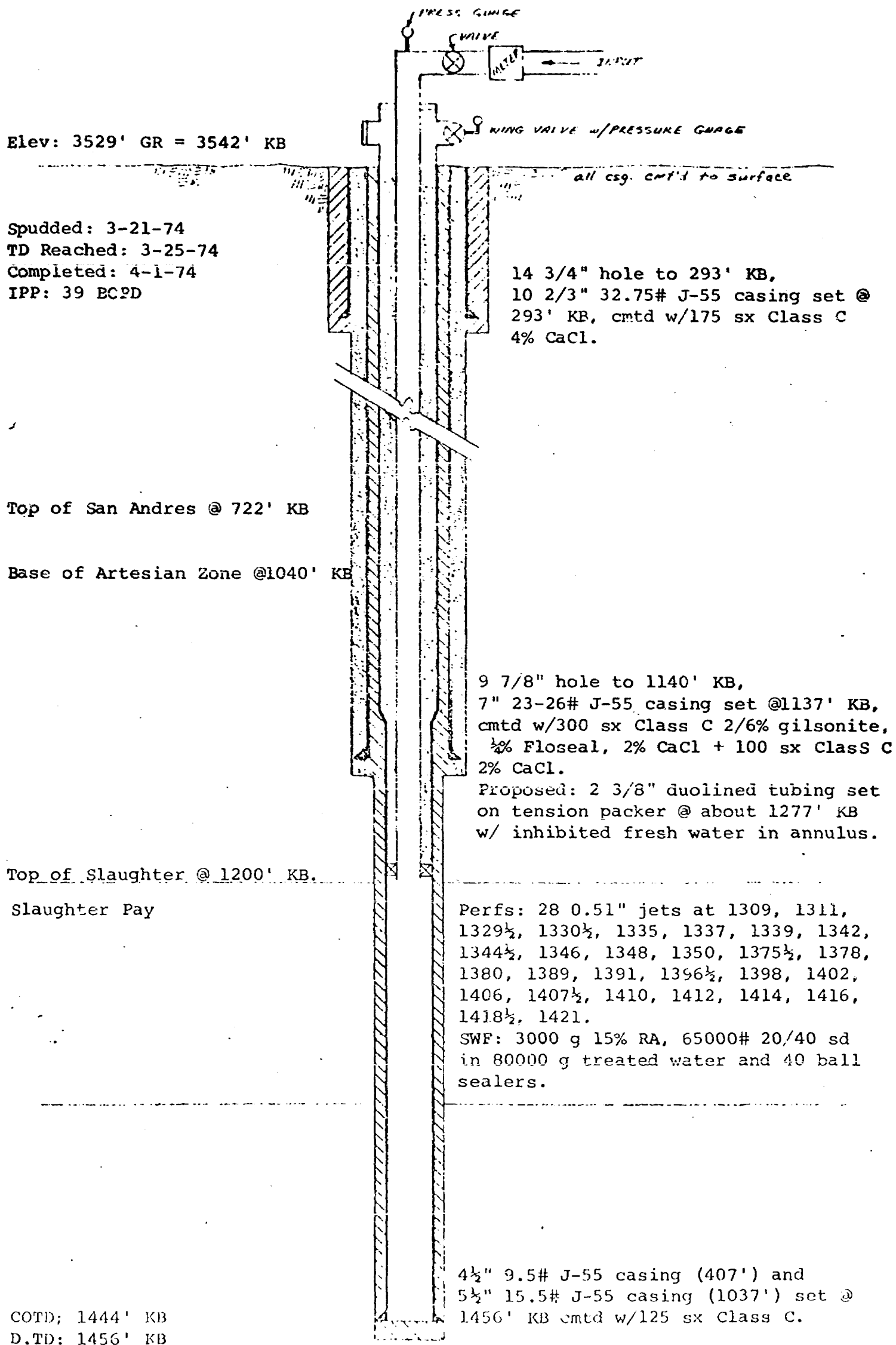
Diagrammatic Sketch of Proposed Injection Well

J Lazy J #11, 2310' FNL, 2310' FEL, Sec. 22-17S-25E, Eddy Co., NM

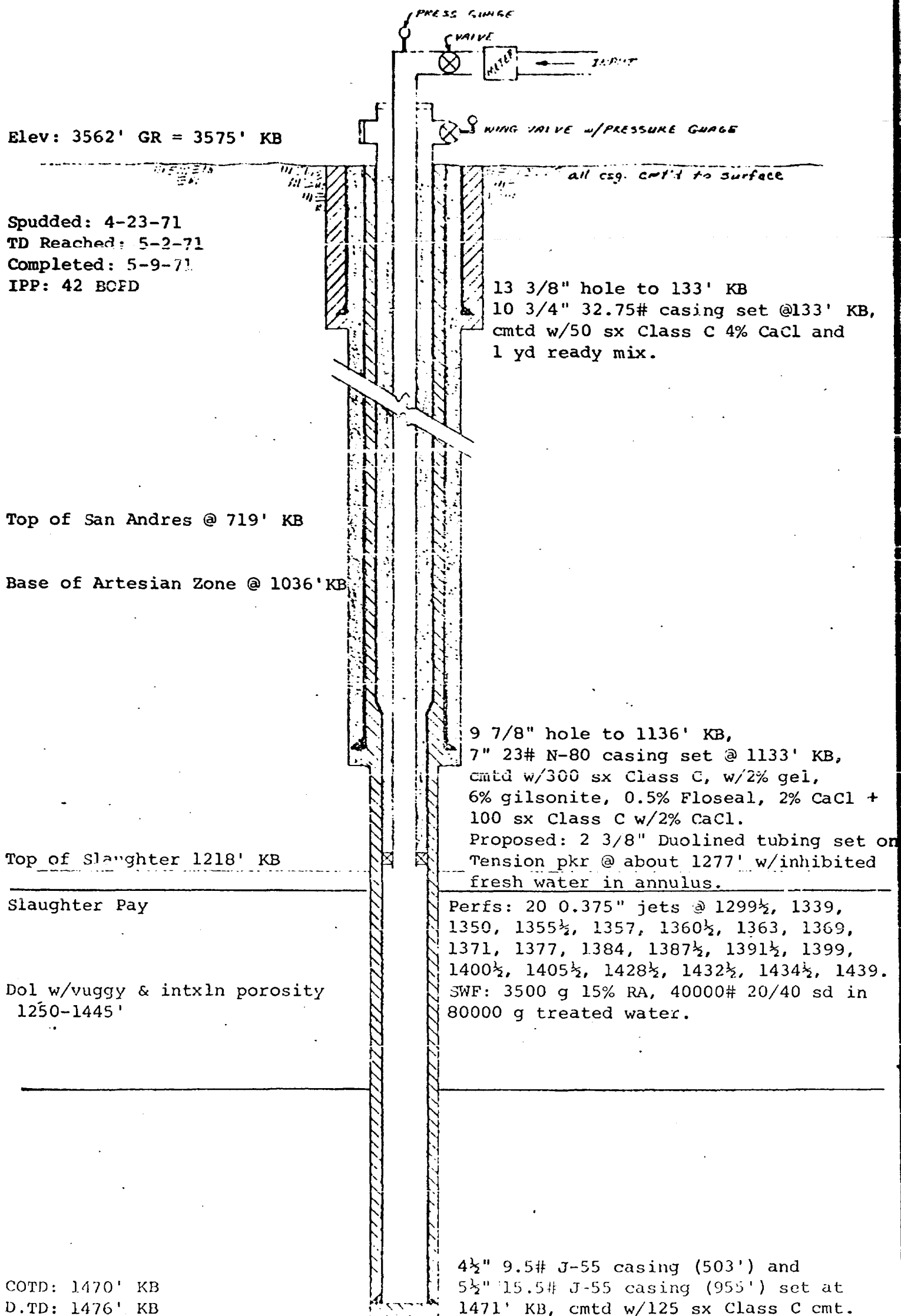


Diagrammatic Sketch of Proposed Injection Well

J Lazy J No. 6, 1650' FNL, 2310' FEL, Sec. 22-17S-25E, Eddy Co, NM

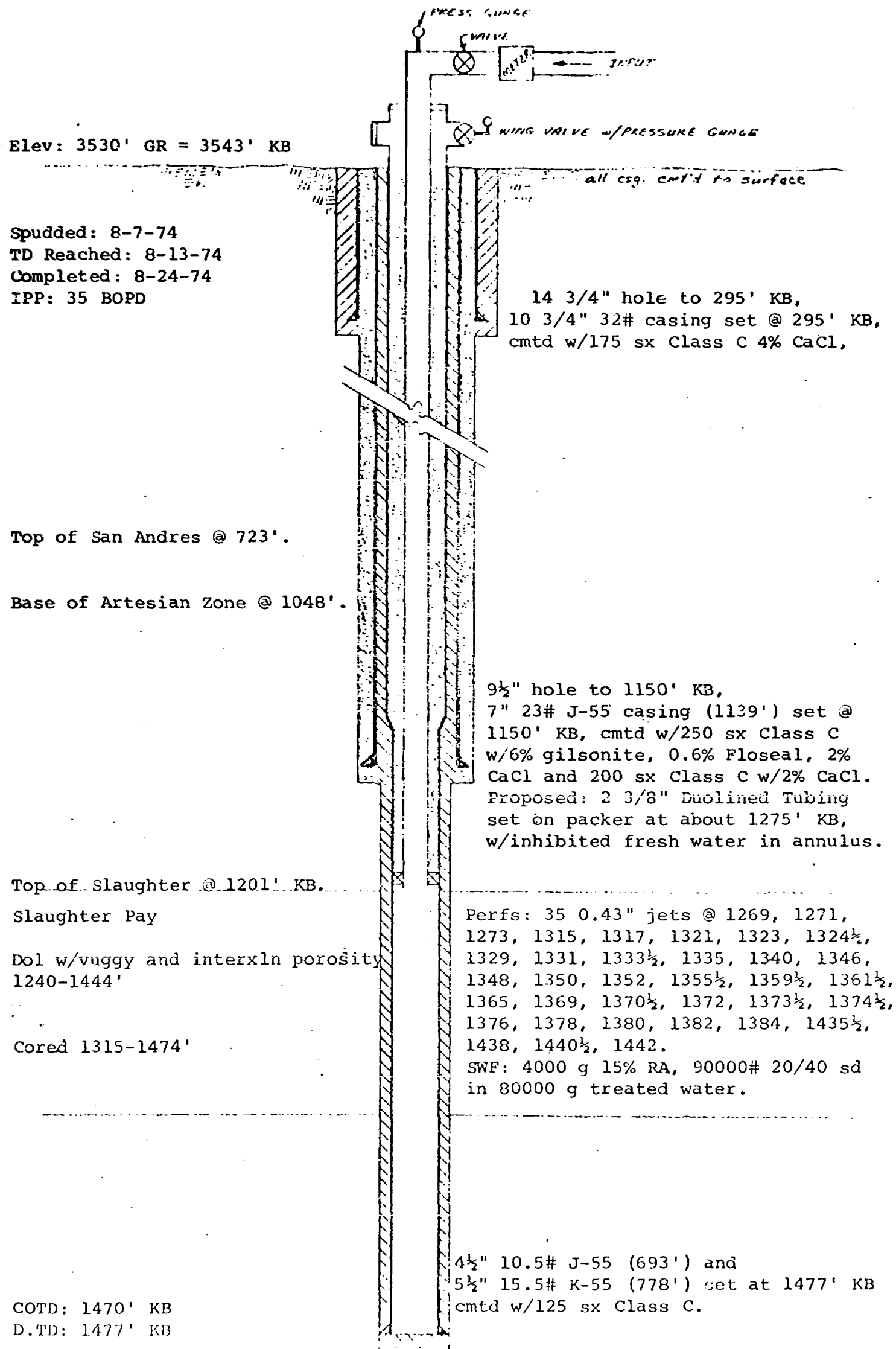


Diamrammatic Sketch of Proposed Injection Well
 J Lazy J No. 3, 2310' FNL, 1650' FEL, Sec. 22-17S-25E, Eddy Co, NM



Diagrammatic Sketch of Proposed Injection Well

J Lazy J No. 9, 1650' FNL, 1650' FEL, Sec. 22-17S-25e, Eddy Co, NM



DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5695

Order No. R- 5242

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX OIL
WELL LOCATION, EDDY COUNTY, NEW MEXICO. *AW* *PR*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 21
~~June 23~~,
1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of July, 1976, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks
approval of an unorthodox oil well location for its J Lazy J Well
No. 13, to be drilled as the 5th well on the 40-acre tract, in the
center of Unit G, of Section 22, Township 17 South, Range 25 East,
NMPM, to test the San Andres formation, Eagle Creek-San Andres Pool,
Eddy County, New Mexico.

Case No. 5695
Order No. R-

(3) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(4) That no offset operator objected to the proposed unorthodox location.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, ~~will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells,~~ and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the San Andres formation is hereby approved for applicant's J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, NMPM, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 23, 1976

EXAMINER HEARING

IN THE MATTER OF:)
)
Application of Yates Petroleum Corpora-) CASE
tion for an unorthodox oil well) 5695
location, Eddy County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morrison reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. STAMETS: The hearing will please come to
2 order. We will call first Case 5695.

3 MR. CARR: Case 5695, application of Yates Petroleum
4 Corporation for an unorthodox oil well location, Eddy County,
5 New Mexico.

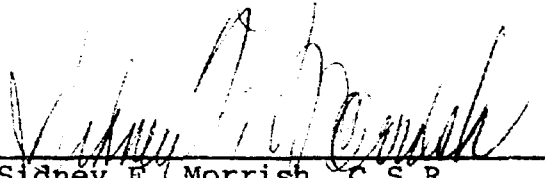
6 Mr. Examiner, we have received a request from the
7 applicant that this case be continued to the July 21 Examiner
8 Hearing.

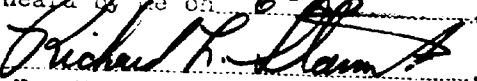
9 MR. STAMETS: Case 5695 will be continued.
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eid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5695
heard by me on 6-23, 19 76.
, Examiner
New Mexico Oil Conservation Commission

sid morrish reporting service

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