

CASE 5932: YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

Case Number

5932

Application

Transcripts

Small Exhibits

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 25, 1977

EXAMINER HEARING

IN THE MATTER OF:)
)
)
Application of Yates Petroleum Corpora-) CASE
tion for compulsory pooling, Eddy) 5932
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	Lynn Teschendorf, Esq.
Conservation Commission:	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
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Phone (505) 982-9212

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I N D E X

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EDDIE MAHFOOD

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EXHIBIT INDEX

Offered Admitted

Applicant Exhibit One, AFE 5 11

Applicant Exhibit Two, Logs 8 11

Applicant Exhibit Three, Four-Point Test 9 11

Applicant Exhibit Four, Pressure & Prod. Curve 9 11

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1 MR. STAMETS: We will call at this time Case 5932.

2 MS. TESCHENDORF: Case 5932, application of Yates
3 Petroleum Corporation for compulsory pooling, Eddy County,
4 New Mexico.

5 MR. LOSEE: A. J. Losee, Losee and Carson, Artesia,
6 appearing on behalf of the applicant. I have one witness to
7 be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 SCOTT WILSON

11 called as a witness, having been first duly sworn, was examined
12 and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. LOSEE:

16 Q State your name, residence and occupation?

17 A Scott Wilson, Landman, Yates Petroleum Corporation,
18 Artesia, New Mexico.

19 Q Would you briefly state what the purpose of the
20 application in Case Number 5932 is?

21 A The purpose of this application is to force pool
22 two outstanding interests that we are unable to acquire oil
23 and gas leases on prior to drilling the Moore "FQ" No. 1 in
24 the north half of Section 19, 20, 25 and it was completed as
25 a Morrow discovery in the Cemetery Field.

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1 Q And the well is presently on production?

2 A Yes, sir.

3 Q Which two interests and what percentages did not
4 participate in drilling this well?

5 A The first party being Anna E. Durham who owns a
6 sixty-fourth interest under the proration unit and John L.
7 Durham who also owns a sixty-fourth interest in the proration
8 unit.

9 Q Were you able to locate John L. Durham?

10 A No, I was not. I contacted his mother and two sisters
11 who have not heard from him in two years and they presume he
12 is probably dead and I also had some close contact with a
13 friend of his who has not heard from or seen him in sometime.

14 Q You have a lease from his mother and one of his
15 sisters, do you not?

16 A Yes, sir.

17 Q Now, what other party do you not have a lease from?

18 A Anna E. Durham.

19 Q What interest does she have in the minerals under-
20 lying this proration unit?

21 A One sixty-fourth interest.

22 Q What effort did you make to obtain a lease or her
23 participation in drilling this well?

24 A Well, we started attempting to lease her interests
25 in April of '76 and subsequent to that time I have given her

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1 five telephone calls, wrote her three letters and also wrote
 2 her attorney one letter to no avail. We offered her a quarter
 3 royalty to begin with and then later an eighth royalty and
 4 fifty dollars per acre and we're unsuccessful in either case
 5 to negotiate a lease.

6 Q She is now represented by an attorney in Carlsbad,
 7 Mr. Jerry Matkins?

8 A Yes, sir.

9 Q And Yates understands that if the Commission
 10 approves the force pooling she will be given a statement of
 11 the costs of drilling the well and have thirty days within
 12 which to pay her sixty-fourth share?

13 A Yes, sir.

14 Q Do you have the actual cost of drilling this
 15 Moore "FQ" Well?

16 A No, sir, the Accounting Department hasn't had a
 17 chance to accumulate the total cost. We do have an estimated
 18 completion cost based upon our original authority for
 19 expenditure, being four hundred and twenty thousand dollars.

20 Q And that AFE is Applicant's Exhibit One, is it not?

21 A Yes, sir.

22 Q How many interest owners other than Yates Petroleum
 23 Corporation are in this well?

24 A There are ten.

25 Q Do you have a joint operating agreement with all of

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1 those interest owners?

2 A. Yes, sir.

3 Q. Would you state to the Examiner what the charge is
 4 in that joint operating agreement for supervision on a drilling
 5 well?

6 A. Fifteen hundred dollars for a drilling well.

7 Q. That's per month?

8 A. Per month.

9 Q. Okay. What about a producing well?

10 A. Two hundred and ten dollars.

11 Q. And in your opinion is that charge reasonable and
 12 customary in the area of the Moore "FQ" Well?

13 A. Yes, sir.

14 MR. LOSEE: That's all I have of Mr. Wilson.

15 (THEREUPON, a discussion was held
 16 off the record.)

17

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q. What was the size of Mr. Durham's interest?

21 A. He had five net acres in the three hundred and twenty
 22 acre proration unit, for a one sixty-fourth interest.

23 Q. Now, is this an undivided interest under the entire
 24 three twenty?

25 A. No, it is an undivided interest under an eighty acre

1 parcel, being the south half of the northwest quarter, I
2 believe.

3 Q What about Anna E. Durham?

4 A The same interest in the same parcel.

5 Q Okay, so they are both interest owners under the
6 south half of the northwest?

7 A Yes, sir.

8 MR. LOSEE: One statement I would make, we are
9 quieting the title on it if John L. Durham who is a brother of
10 Anna and if he died without issue his one sixty-fourth interest
11 would have passed up the ladder to his mother and she is still
12 alive and we have a lease from her and his interest actually
13 will not be force pooled but she seems to know nothing about
14 him, nor do his sisters. Maybe he is a black sheep, I don't
15 know, that's all I've got.

16 MR. STAMETS: Are Anna and John --

17 MR. LOSEE: They are brother and sister.

18 Q (Mr. Stamets continuing.) And you have a lease
19 from the mother and another sister?

20 A They are not a very close family, in fact, this is
21 the way a piece of information, the mother in an attempt to
22 locate this guy called various jailhouses and prisons
23 around the State of Texas and said if she couldn't find him
24 there that he was probably knocked off and in the bottom of
25 the river somewhere.

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1 MR. STAMETS: Are there any other questions of the
2 witness? He may be excused.

3 (THEREUPON, the witness was excused.)
4

5 EDDIE MAHFOOD

6 called as a witness, having been first duly sworn, was examined
7 and testified as follows:
8

9 DIRECT EXAMINATION

10 BY MR. LOSEE:

11 Q State your name, residence and occupation?

12 A Eddie Mahfood, Artesia, New Mexico, Engineer.

13 Q Have you previously testified before this Commission
14 and had your qualifications accepted?

15 A Yes, sir.

16 MR. LOSEE: Are Mr. Mahfood's qualifications
17 acceptable?

18 MR. STAMETS: They are.

19 Q (Mr. Losee continuing.) Please refer to what has
20 been marked as Exhibit Two, being the logs on the Moore "FQ"
21 No. 1 and explain what is pertinent to this application?

22 A This neutron density log shows the two zones that
23 are perforated in the Morrow and some initial zones immediately
24 below it which are water bearing. The geo-laterolog verifies
25 the fact that there are water bearing sands immediately below

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1 the producing horizons.

2 Q Do you have a drill stem test on this well posted
3 on this log?

4 A Yes, on the drill stem test we tested the interval,
5 including the water zone and recovered twenty-eight hundred
6 feet of salt water during the test. After we logged the well
7 and cased it we separated the water from the hydrocarbons.

8 Q Okay, please refer to the four-point test which is
9 marked as Exhibit Three and explain what is portrayed by this
10 exhibit?

11 A This four-point indicates the capacity of four point
12 eight million, using the New Mexico method of computing the
13 varying rates.

14 Q Please refer to what has been marked as Exhibit Four
15 and explain what is shown by this pressure and production curve.

16 A This production history shows the rapid decline in
17 pressure and the decline in production and in the two months
18 this well has been in production it has produced approximately
19 two hundred and -- let me see, now, that would be March and
20 April -- that would be a hundred and twenty-one million cubic
21 feet of gas.

22 Q Okay, what has happened to the pressure?

23 A The pressure has dropped to line pressures, the well
24 is riding on a line right now and the production declined
25 rapidly.

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1 Q Do you have an opinion as to whether Yates will
2 return the cost of drilling and completing the well?

3 A If this production decline persists as it is it looks
4 like we will recover approximately two hundred and thirty-four
5 million cubic feet of gas by that time, the well is unable to
6 deliver any more and we should just about break even.

7 Q Okay. Do you have an opinion as to whether the force
8 pooling application will avoid the drilling of unnecessary well
9 and protect the correlative rights?

10 A Yes, I think it would.

11 Q Do you have an opinion as to what would be a
12 reasonable risk factor considering the Morrow formation in the
13 area of the Morrow "FQ"?

14 A I believe that a two hundred percent would be
15 reasonable.

16 Q Twenty or two hundred percent?

17 A I'm sorry, we didn't discuss this. It looks like --
18 I imagine twenty percent would be more accurate.

19 Q In other words, you think one in five wells is the
20 only dry holes and non-profitable wells in the Morrow?

21 A Yes.

22 Q One in five?

23 A One in five which would be about twenty percent.

24 Q I think it's immaterial frankly, considering the
25 status of the well.

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1 Did you prepare Exhibits One through Four or they
2 were prepared under your supervision?

3 A. They were prepared by myself.

4 MR. LOSEE: We will move to introduce Exhibits One
5 through Four.

6 MR. STAMETS: Exhibits One through Four will be
7 admitted.

8 (THEREUPON, Applicant Exhibits One through
9 Four were admitted into evidence.)

10
11 CROSS EXAMINATION

12 BY MR. STAMETS:

13 Q Did I understand you correctly, Mr. Mahfood, to say
14 that the total ultimate recovery, at least the current line
15 pressure, would be two hundred and thirty-four million cubic
16 feet?

17 A. Yes, that appears to be correct.

18 Q So you have already produced about half of the
19 reserves?

20 A. Yes, we certainly have.

21 MR. STAMETS: Okay. Any other questions of the
22 witness? He may be excused.

23 (THEREUPON, the witness was excused.)

24 MR. STAMETS: Anything further in this case? We will
25 take the case under advisement.

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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
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5932.
heard by me on 5-24-77, 1977.
Richard A. L. [Signature] Examiner
New Mexico Oil Conservation Commission

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. 5932
Order No. R-5445

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 May 25, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 8th day of June, 1977, 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
an order pooling all mineral interests in the Morrow formation
underlying the N/2 of Section 19, Township 20 South, Range 25 East,
NMPM, Eddy County, New Mexico.

(3) That the applicant has the right to drill and has drilled
its Moore "FQ" Well No. 1 at a standard location in Unit F of
said Section 19.

(4) That there are interest owners in the proposed proration
unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to
protect correlative rights, and to afford to the owner of each
interest in said unit the opportunity to recover or receive
without unnecessary expense his just and fair share of the gas
in said pool, the subject application should be approved by
pooling all mineral interests, whatever they may be, within
said unit.

(6) That the applicant should be designated the operator
of the subject well and unit.

-2-

Case No. 5932
Order No. R-5445

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) 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 20 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$1500.00 per month while drilling and \$210.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Morrow formation underlying the N/2 of Section 19, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to the Yates Petroleum Corporation Moore "FQ" Well No. 1 at a standard location in Unit F of said Section 19.

(2) That Yates Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) That within 30 days after the effective date of this order, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 20 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

-4-

Case No. 5932
Order No. R-5445

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$1500.00 per month while drilling and \$210.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

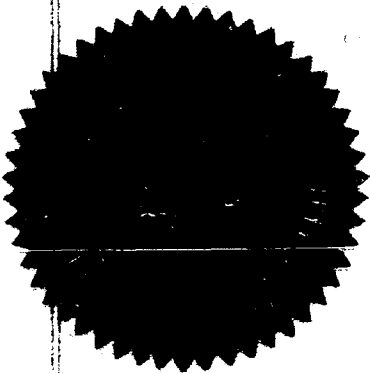
(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(13) 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

jr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery G. Arnold
EMERY G. ARNOLD, Member

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

AUTHORITY FOR EXPENDITURE
Yates Petroleum Corporation

Estimated Cost to Drill,
Complete & Equip

Moore "FQ" #1
SENW, Sec. 19-20S-25E
Cemetery, Eddy Co., N.M.

	<u>Dry Hole</u>	<u>Completion</u>
Staking Permit & Legal Feed	\$ 600	\$ 600
Location, Right-of-Way & Surface Damages	\$ 3,900	\$ 5,200
Drilling: Footage, 9500' @ \$13.60	\$129,200	\$129,200
Daywork, 5 days @ \$3000	\$ 15,000	\$ 15,000
Water, Mud & Additived, Pit Lining	\$ 33,000	\$ 34,000
Cementing, Tools & Services	\$ 8,900	\$ 12,500
Electric Logs & Perforating	\$ 10,000	\$ 13,000
Mug Logging Unit	\$ 4,000	\$ 4,000
Drill Stem Testing	\$ 4,200	\$ 4,200
Tool Rentals, Trucking, Welding	\$ 4,000	\$ 5,000
Supervision & Overhead	\$ 3,100	\$ 4,000
Completion Unit, 7 days @ \$600	\$ -	\$ 4,200
Stimulation	\$ -	\$ 13,500
Contingency	\$ 8,100	\$ 10,600
<u>TOTAL INTANGIBLES</u>	<u>\$224,000</u>	<u>\$255,000</u>
Xmas Tree	\$ 2,100	\$ 9,000
Casing: 13 3/8" 48#, 262' @ \$16.04	\$ 4,200	\$ 4,200
8 5/8" 24#, 3200' @ \$8.32	\$ 26,600	\$ 26,600
5 1/2" 15.5-17#, 9500' @ \$5.96	\$ -	\$ 56,600
Tubing: 2 7/8" 6.5# K-55, 9400' @ \$2.92	\$ -	\$ 27,400
Packer & Special Equipment	\$ -	\$ 1,600
Contingency	\$ 3,100	\$ 7,600
<u>TOTAL TANGIBLES</u>	<u>\$ 36,000</u>	<u>\$133,000</u>
Tanks 2-210 bbl Welded w/ Stair & Walkway	\$ -	\$ 6,500
Heater-Separator & Flowlines	\$ -	\$ 17,000
Trucking, Fences, Misc. Valves & Fittings	\$ -	\$ 4,500
Construction Costs & Misc.	\$ -	\$ 4,000
<u>TOTAL LEASE EQUIPMENT</u>	<u>\$ -</u>	<u>\$ 32,000</u>
<u>TOTAL TO DRILL, COMPLETE & EQUIP</u>	<u>\$260,000</u>	<u>\$420,000</u>

Approval of this AFE constitutes approval of the operator's option to charge the joint account with tubular goods from operator's warehouse stock at the rates stated above, unless the non-operator gives notification on this form of his intent to furnish his proportionate share in kind.

Approved

YATES PETROLEUM CORPORATION

By Eddie L. Lichner Date 2-6-76

32.812500%

FRANKLIN, ASTON & FAIR, LTD

JOHN A. YATES

By _____

21.875000%

S. P. YATES

By _____ Date _____

10.937500%

MYCO INDUSTRIES, INC.

By _____ Date _____

10.937500%

5.468750%

BEFORE EXAMINER STAMETS	
Date	EXAMINER'S SIGNATURE
CASE NO. <u>5933</u>	
Date	
Hearing Date	

(Cont'd)

Schlumberger

COMPENSATED NEUTRON
FORMATION DENSITY

COMPANY Yates Petroleum Corporation

WELL Moore #1

FIELD Cametary

COUNTY Eddy STATE New Mexico

LOCATION 1980' ENL & 1980' FWL
API SERIAL NO. 19 SEC. 20-5 RANGE 25-E
Other Services: DLL-MSFL

Well Bottom 14 April 76
Casing Depth 9750
Casing Depth 9756
Casing Depth 9755
Casing Depth 0000
Casing Depth 838' & 2200
Casing Depth 2201
Casing Depth 778'

Type Fluid in Hole S.W. Gel - Starch - KCl - Org. Pac.
Dens. 1 Visc 9.4 40
pH Fluid Loss 9.6 73 ml
Source of Sample Mud pit
Rm. a Meas. Temp. 151 a 70 F
Rm. v Meas. Temp. 139 a 64 F
Rm. i Meas. Temp. 136 a 70 F
Source Rm. i Rm. Meas. 136 a 70 F
Rm. i BHT 136 a 70 F
Circulation Stopped 800 hrs, 14 Apr. 76
Well Logger on Bottom 100 hrs, 14 Apr. 76
Max. Rec. Temp. 158 F
Equip. Location 7732 Hobbs
Recorded By M. S. Gentry & Kemper
Witnessed By Mr. B. B. B.

DST 9350-9447 DL=9353-MSFL
10-30 SI 40 10-180 SI 240
GTS-20" Fluid TS-3" in 240 hrs
Recal. 2800' SW (35400-0)
Samples 2400' at
8500 SW & 10-5 SW 4000
4500 1772-2430 3533
4500 2850-2430 3533
PT 9381-90: 9396-9400

Flamed Natural
4.5 mm x 4.5 mm
740' in hole

BEFORE EXAMINER STAMPS
OIL CONSERVATION COMMISSION

CASE NO. 5392

Submitted by

Hearing Date

NEW MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Form C-122
Revised 9-1-65

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special						Test Date 3-17-77	
Company Yates Petroleum Corporation				Connection Transwestern Pipeline Co.			
Pool Cemetery				Formation Morrow			
Completion Date 5-3-76		Total Depth 9750 KB		Plug Back TD 9534' KB		Elevation 3579' KB	
Farm or Lease Name Moore "FO"				Well No. 1			
Csg. Size 5 1/2"	Wt. 17#	d 4.892	Set At 9735'	Perforations: From 9397' To 9404' KB		Unit 1	
Tbg. Size 2-3/8"	Wt. 4.7	d 1.995	Set At 9396'	Perforations: From 9329' To 9331' KB		Unit Sec. Twp. Rge. F 19 20S 25E	
Type Well - Single - Bradenhead - G.G. or G.O. Multiple Single				Packer Set At 9323' KB		County Eddy	
Producing Thru Tubing		Reservoir Temp. °F 165 @ 9400'		Mean Annual Temp. °F 62		Baro. Press. - P _g 13.2	
State New Mexico							
L 9385	H 9385	G _g 0.593	% CO ₂ 0.76	% N ₂ 0.29	% H ₂ S Nil	Prover 2"	Meter Run Flange

FLOW DATA						TUBING DATA		CASING DATA		Duration of Flow	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.		Temp. °F
1	2.067 x 1.375			350	15	68	2916	69			1 hour
2				352	28	68	2811	67			1 hour
3				353	48	68	2675	64			1 hour
4				355	90	68	2414	60			1 hour
5											

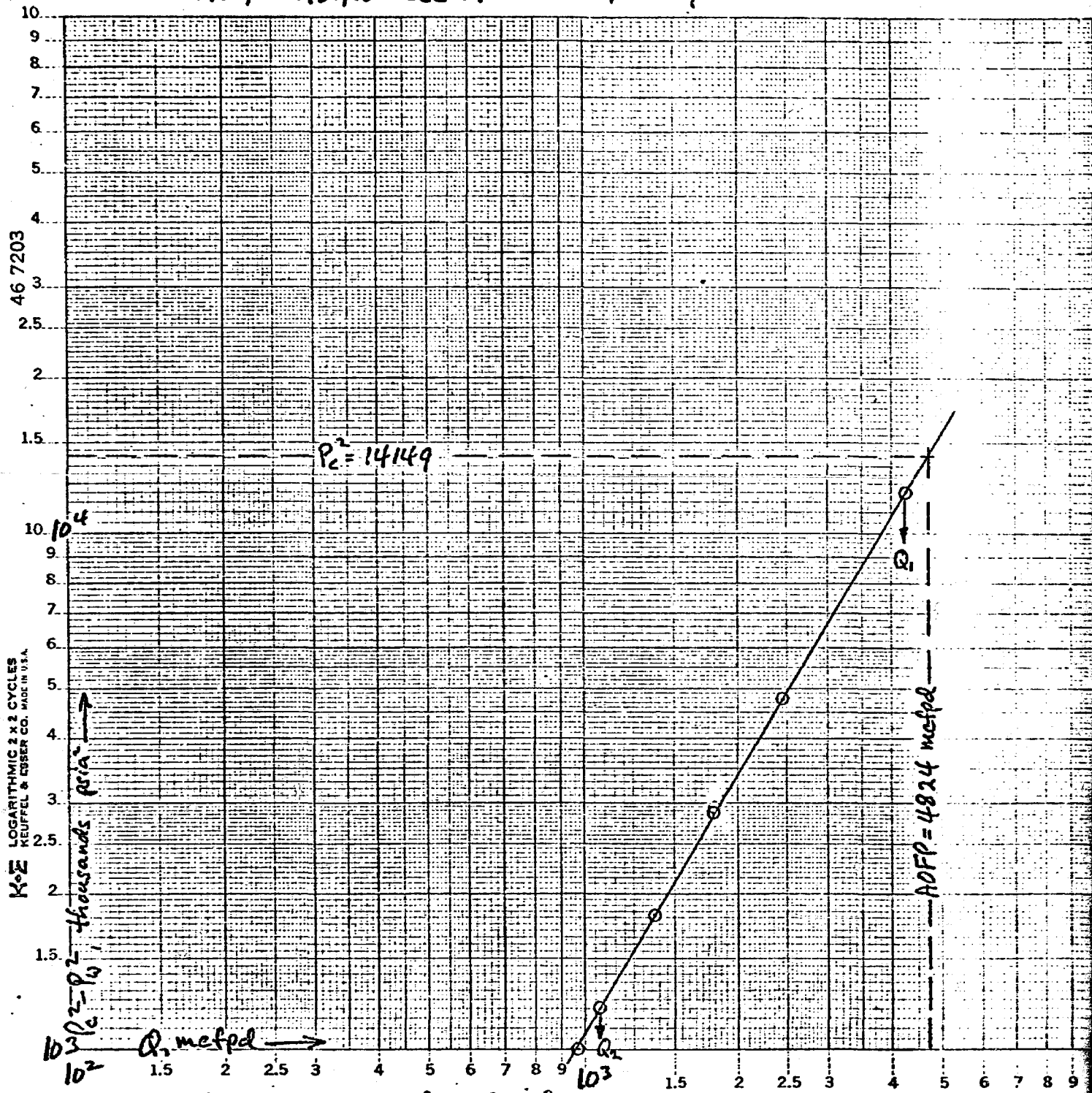
RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. Factor Ft.	Gravity Factor F _g	Super Compress. Factor, F _{pv}	Rate of Flow Q, Mcfd
1	10.20	73.81	363.2	.9924	1.299	1.0298	1000
2		101.12	365.2	.9924	1.299	1.0297	1369
3		132.58	366.2	.9924	1.299	1.0296	1795
4		182.04	368.2	.9924	1.299	1.0295	2464
5							

NO.	P _t	Temp. °R	T _r	Z	Gas Liquid Hydrocarbon Ratio	Mcf/tbl
1	0.537	528	1.487	.9430	A.P.I. Gravity of Liquid Hydrocarbons	Deg.
2	0.540	528	1.487	.9432	Specific Gravity Separator Gas	.593
3	0.542	528	1.487	.9434	Specific Gravity Flowing Fluid	XXXXXX
4	0.544	528	1.487	.9436	Critical Pressure	676 P.S.I.A.
5					Critical Temperature	355 R

P _c 3761.5 P _c ² 14149					BEFORE EXAMINER STAMPS OIL CONSERVATION COMMISSION EXHIBIT NO. 3 CASE NO. 4824 5732 Submitted by _____ Hearing Date _____ Absolute Open Flow 4824 Mcfd @ 15.025 Angle of Slope @ _____ Slope 0.6000	
NO.	F _t ²	P _w	P _w ²	P _c ² - P _w ²		
1			13177	972		
2			12332	1817		
3			11278	2871		
4			9367	4782		

Remarks: Pressures by DWT. Calculation worksheet form C-122-D attached.			
Approved By Commission:	Conducted By: Don Weaver	Calculated By: Eddie Mahfood	Checked By:

YPC - Moore FQ Fee No. 1
 1980/N 1980/W Sec 19-20s-25E, Eddy Co.



$Q_1 = 4260$ metpd $\log Q_1 = 3.6294$
 $Q_2 = 1070$ metpd $\log Q_2 = 3.0294$
 $n = 0.6000$

WORKSHEET FOR CALCULATION OF SIC COLUMN WELLHEAD PRESSURE (P_w)

C-122D
Adopted 9-1-65

COMPANY YPC LEASE Moore FQ WELL NO. 1 DATE 3-17-77

LOCATION: Unit F Section 19 Township 20S Range 25E

L 9385 H 9385 LH G 0.593 % CO₂ 0.76 % N₂ 0.29 % H₂S Nil

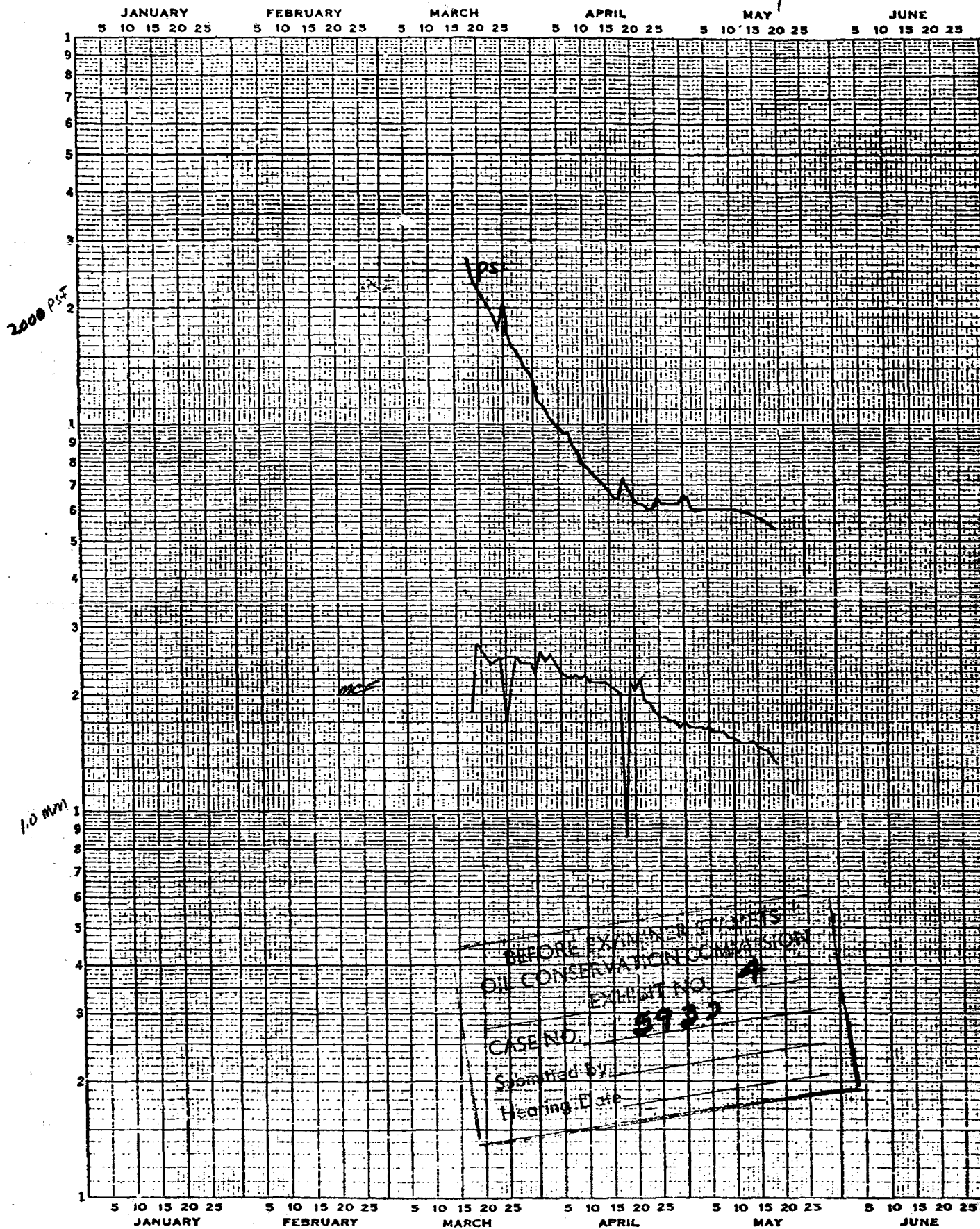
$\frac{3}{2}$ " 9315(3.45)-59073 d 2.1372 F_T 0.014839 GH 5565
 $\frac{23}{8}$ " 6518.251 1188
 $\frac{4}{2}$ " 57732 39

P_{cr} 676 T_{cr} 355
TABLE IX & X TABLE IX & X

LINE	<u>9385</u>	<u>38300</u>		1	2	3	4		1	2	3	4
1 Q _m			S1	1.000	1.369	1.795	2.464	S1			1.795	
2 T _w (W.H. °R)			522	529	527	524	520					
3 T _s (B.H. °R)			625	624	623	622	620					
4 T = ($\frac{L_w + L_s}{2}$)			573.5	576.5	575	573	570	573.5			573	
5 Z (Est.)			.851	.843	.841	.832	.821	.852			.833	
6 TZ			483.048	483.872	483.575	476.736	467.97	488.622			477.309	
7 GH/TZ			11.4026	11.3833	11.508	11.6731	11.8918	11.3892			11.659	
8 e ^s (Table XIV)			1.5336	1.5325	1.5396	1.5492	1.5620	1.5328			1.5484	
9 1 - e ^s (Table XIV)				.03475	.03505	.03545	.03598				.03542	
10 P _i			3038.2	2929.2	2824.2	2688.2	2427.2	3038.2			2655.2	
11 P _i ² /1000			9230.66	8580.2	7976.1	7226.42	5891.3	9230.66			7226.42	
12 E _i (Table XV) $\frac{3}{2} = .0375 \frac{6H}{T_s}$.42760	.42633	.43155	.43774	.44594	.42709			.43922	
13 F _c = F _i TZ				7.2544	7.1758	7.0743	6.9442				7.0828	
14 F _c Q _m				7.2544	9.8236	12.6985	17.110				12.7136	
15 L/H (F _c Q _m) ²				52.6259	96.504	161.25	292.17				161.636	
16 F _w = L/H (F _c Q _m) ² (1 - e ^s)				18.283	33.825	57.163	105.339				57.251	
17 P _w ² = P _i ² + F _w				8598.5	8009.92	7282.58	5996.64				7283.67	
18 P _s ² = e ^s P _w ²			14156.14	13177.2	12222.04	11283.7	9366.75	14145.8			11278.73	
19 P _s			3762.5	3630.0	3511.7	3359.1	3060.5	3761.5			3358.3	
20 P = ($\frac{P_i + P_s}{2}$)			3400.3	3279.6	3167.9	3023.7	2745.9	3399.8			3023.2	
21 P _r = (P/P _{cr})			5.03	4.852	4.686	4.473	4.059	5.03			4.472	
22 T _r = (T/T _{cr})			1.6155	1.6239	1.6197	1.6141	1.6056	1.6155			1.6141	
23 Z (Table XI)			0.852	0.848	0.841	0.833	0.821	0.852			0.833	

One copy to be filed in District Office (Work copy acceptable)

MOORE FQ N12 19-20S-25E, Cemetary Morrow



K&E
1 YEAR BY DAYS
X 3 LOG CYCLES
MADE IN U.S.A.
KEUFFEL & ESSER CO.

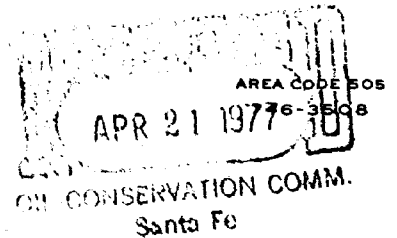
1977-60 Day Sales

EDDY COUNTY, N.M.

Case 5932

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



19 April 1977

Ms. Lynn Teschendorf, Attorney
New Mexico Oil Conservation
Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Dear Ms. Teschendorf:

Enclosed for filing, please find two applications, each in triplicate, of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. One application covers the Moore "FQ" No. 1 Well and the other covers the Hunter "FL" No. 1 Well. It is my understanding that these cases will be set for hearing before an examiner on May 25, 1977.

Very truly yours,

LOSEE & CARSON, P.A.


A. J. Losee

AJL:jw
Enclosures

cc w/enclosures: Mr. Jack W. McCaw

- CASE 5932: 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 Morrow formation underlying the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to it's Moore "FQ" Well No. 1 located in Unit F of said Section 19. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost 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 5933: 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 Morrow formation underlying the W/2 of Section 15, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to it's Hunter "FL" Well No. 1 located in Unit F of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost 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 5934: Application of HNG Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its El Paso Federal 29 Well No. 1 to be located 2427 feet from the North line and 904 feet from the West line of Section 29, Township 24 South, Range 27 East, Eddy County, New Mexico, the W/2 of said Section 29 to be dedicated to the well.
- CASE 5935: Application of Union Texas Petroleum for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the E/2 W/2 and W/2 E/2 of Section 7, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Britt Well Nos. 3 and 12 located at unorthodox locations in Units G and C of said Section 7, respectively.
- CASE 5936: Application of El Paso Natural Gas Company for a dual completion and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its San Juan 27-4 Unit Well No. 109 to be located at an unorthodox location 990 feet from the South line and 1840 feet from the East line of Section 23, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools.
- CASE 5937: Application of Sun Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lusk-Morrow, East Lusk-Wolfcamp and East Lusk-Bone Springs production in the wellbore of its Shearn Federal Well No. 1, located in Unit L of Section 15, Township 19 South, Range 32 East, Lea County, New Mexico.
- CASE 5938: Application of V-F Petroleum, Inc., for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Landreth State Well No. 1 to be drilled 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, South Crossroads-Devonian Pool, Lea County, New Mexico, the S/2 SW/4 of said Section 15 to be dedicated to the well.
- CASE 5939: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 7, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to it's Carlsbad Well No. 7 to be located at an unorthodox location 760 feet from the South line and 690 feet from the West line of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost 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 5940: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 6, Township 19 South, Range 32 East, Lea County, New Mexico, to be dedicated to it's Federal Well No. 6 to be located at an unorthodox location 600 feet from the South line and 2012 feet from the West line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost 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.

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

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

CASE NO. 5932

APPLICATION

COMES Yates Petroleum Corporation by its attorneys,
and in support hereof respectfully states:

1. Applicant had the right to drill and has drilled
and completed its Moore "FQ" No. 1 Well in the Morrow formation
as a gas well, located at a point 1,980 feet from the North
line and 1,980 feet from the West line of Section 19, Township
20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

2. Applicant has dedicated the N/2 of said Section
19 to its said Moore "FQ" No. 1 Well, and there are interest
owners in the proration unit who have not agreed to pool their
interests.

3. Applicant should be designated the operator of
the well and the proration unit.

4. That to avoid the drilling of unnecessary wells,
to protect correlative rights and to afford to the owner of
each interest in said unit the opportunity to recover or re-
ceive without unnecessary expense, his just and fair share of
the gas in said unit, all mineral interests, whatever they may
be, from the surface through the Morrow formation underlying
the N/2 of said Section 19 should be pooled.

5. 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.

6. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

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

B. Upon hearing the Commission enter its order pooling all mineral interests, whatever they may be, from the surface through the Morrow formation underlying the N/2 of said Section 19, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, to form a 320-acre spacing unit dedicated to applicant's Moore "FQ" No. 1 Well.

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

YATES PETROLEUM CORPORATION

By: 
A. J. Losee

LOSEE & 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. 5932

Order No. R- 5445

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 May 25, 1977
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of _____, 1977, 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 an order pooling all mineral interests in the Morrow
formation underlying the N/2
of Section 19, Township 20 South, Range 25 East,
NMPM, Eddy County, New
Mexico.

-2-
Case No.
Order No. R-

(3) That the applicant has ^{has drilled} the right to drill and ~~proposes~~
its Moore "FQ" Well No. 1 ^{at a 3 1/2 - 4 1/2 ft. from} located in Unit F of said
~~to drill/sxwell~~ Section 19.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) 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 20 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

while drilling and \$210.00 per month
while producing

(11) That \$1500.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before _____, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Morrow formation underlying the N/2 of Section 19, Township 20 South, Range 25 East, NMPM, _____, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to the Union Petroleum Corporation ~~applicant~~ Moore "FQ" Well No. 1 located in Unit F of said Section 19.
at a standard location

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the _____ day of _____, 19____, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the _____ formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the _____ day of _____, 19____, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

Case No.
Order No. R-

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (1) of this order should not be rescinded.

(2) That Yates Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) That ^{within 30 days} after the effective date of this order ~~and within 30 days prior to commencing said well~~, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 20 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs. *while producing and \$200.00 per month while producing are*

(9) That \$1500.00 per month *is* hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge, attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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Case No.

Order No. R-

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(13) 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.