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

Case Number 5932

Application

Trascripts

Small Exhibits

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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

APPEARANCES

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, 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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MR. STAMETS: We will call at this time Case 5932.

MS. TESCHENDORF: Case 5932, application of Yates

Petroleum Corporation for compulsory pooling, Eddy County,

New Mexico.

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

(THEREUPON, the witness was duly sworn.)

SCOTT WILSON

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

DIRECT EXAMINATION

15 BY MR. LOSEE:

- Q State your name, residence and occupation?
- A Scott Wilson, Landman, Yates Petroleum Corporation, Artesia, New Mexico.
- Q. Would you briefly state what the purpose of the application in Case Number 5932 is?
- A. The purpose of this application is to force pool two outstanding interests that we are unable to acquire oil and gas leases on prior to drilling the Moore "FQ" No. 1 in the north half of Section 19, 20, 25 and it was completed as a Morrow discovery in the Cemetery Field.

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Q.	And	the	well	is	presently	on	production?
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- A. Yes, sir.
- Q Which two interests and what percentages did not participate in drilling this well?

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

- Q Were you able to locate John L. Durham?
- A No, I was not. I contacted his mother and two sister who have not heard from him in two years and they presume he is probably dead and I also had some close contact with a friend of his who has not heard from or seen him in sometime.
- Q You have a lease from his mother and one of his sisters, do you not?
 - A. Yes, sir.
 - Q Now, what other party do you not have a lease from?
 - A. Anna E. Durham.
- Q. What interest does she have in the minerals underlying this proration unit?
 - A. One sixty-fourth interest.
- Q What effort did you make to obtain a lease or her participation in drilling this well?
- A. Well, we started attempting to lease her interests in April of '76 and subsequent to that time I have given her

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

- Q She is now represented by an attorney in Carlsbad, Mr. Jerry Matkins?
 - A. Yes, sir.
- Q And Yates understands that if the Commission approves the force pooling she will be given a statement of the costs of drilling the well and have thirty days within which to pay her sixty-fourth share?
 - A. Yes, sir.
- Q Do you have the actual cost of drilling this Moore "FQ" Well?
- A No, sir, the Accounting Department hasn't had a chance to accumulate the total cost. We do have an estimated completion cost based upon our original authority for expenditure, being four hundred and twenty thousand dollars.
 - Q And that AFE is Applicant's Exhibit One, is it not?
 - A. Yes, sir.
- Q How many interest owners other than Yates Petroleum Corporation are in this well?
 - A. There are ten.
 - Q Do you have a joint operating agreement with all of

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those interest owners?

- A. Yes, sir.
- Q Would you state to the Examiner what the charge is in that joint operating agreement for supervision on a drilling well?
 - A. Fifteen hundred dollars for a drilling well.
 - Q That's per month?
 - A. Per month.
 - Q Okay. What about a producing well?
 - A. Two hundred and ten dollars.
- Q. And in your opinion is that charge reasonable and customary in the area of the Moore "FQ" Well?
 - A Yes, sir.

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

(THEREUPON, a discussion was held

off the record.)

CROSS EXAMINATION

BY MR. STAMETS:

- 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.
 - Q. Now, is this an undivided interest under the entire three twenty?
 - A. No, it is an undivided interest under an eighty acre

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

- Q. What about Anna E. Durham?
- The same interest in the same parcel.
- Okay, so they are both interest owners under the south half of the northwest?
 - Yes, sir.

MR. LOSEE: One statement I would make, we are quieting the title on it if John L. Durham who is a brother of Anna and if he died without issue his one sixty-fourth interest would have passed up the ladder to his mother and she is still 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 him, nor do his sisters. Maybe he is a black sheep, I don't know, that's all I've got.

MR. STAMETS: Are Anna and John --

MR. LOSEE: They are brother and sister.

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

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

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

(THEREUPON, the witness was excused.)

EDDIE MAHFOOD

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

DIRECT EXAMINATION

BY MR. LOSEE:

- Q. State your name, residence and occupation?
- Eddie Mahfood, Artesia, New Mexico, Engineer.
- Have you previously testified before this Commission and had your qualifications accepted?
 - Yes, sir.

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

MR. STAMETS: They are.

- (Mr. Losee continuing.) Please refer to what has been marked as Exhibit Two, being the logs on the Moore "FQ" No. 1 and explain what is pertinent to this application?
- This neutron density log shows the two zones that are perforated in the Morrow and some initial zones immediately 24 below it which are water bearing. The geo-laterolog verifies 26 the fact that there are water bearing sands immediately below

sid morrish reporting serviceGeneral Court Reporting Service 825 Calle Mejin, No. 1122, Santa Fe, New Mexico 875

the producing horizons.

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- Q Do you have a drill stem test on this well posted on this log?
- A. Yes, on the drill stem test we tested the interval, including the water zone and recovered twenty-eight hundred feet of salt water during the test. After we logged the well and cased it we separated the water from the hydrocarbons.
- Q Okay, please refer to the four-point test which is marked as Exhibit Three and explain what is portrayed by this exhibit?
- A. This four-point indicates the capacity of four point eight million, using the New Mexico method of computing the varying rates.
- Q Please refer to what has been marked as Exhibit Four and explain what is shown by this pressure and production curve
- A This production history shows the rapid decline in pressure and the decline in production and in the two months this well has been in production it has produced approximately two hundred and —— let me see, now, that would be March and April —— that would be a hundred and twenty-one million cubic feet of gas.
 - Q Okay, what has happened to the pressure?
- A. The pressure has dropped to line pressures, the well is riding on a line right now and the production declined rapidly.

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Q.	I	o yci	ı ha	ave	an	op:	inion	as	to	whet	ther	Yates	will
return	the	cost	of	dri	i11i	ing	and	comp	plet	ting	the	well?	

- A. If this production decline persists as it is it looks like we will recover approximately two hundred and thirty-four million cubic feet of gas by that time, the well is unable to deliver any more and we should just about break even.
- Q. Okay. Do you have an opinion as to whether the force pooling application will avoid the drilling of unnecessary well and protect the correlative rights?
 - A. Yes, I think it would.
- Do you have an opinion as to what would be a
 reasonable risk factor considering the Morrow formation in the
 area of the Morrow "FQ"?
- A. I believe that a two hundred percent would be reasonable.
 - Q. Twenty or two hundred percent?
- A. I'm sorry, we didn't discuss this. It looks like -I imagine twenty percent would be more accurate.
- Q In other words, you think one in five wells is the only dry holes and non-profitable wells in the Morrow?
 - A. Yes.
 - Q One in five?
 - A. One in five which would be about twenty percent.
- Q I think it's immaterial frankly, considering the status of the well.

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

A. They were prepared by myself.

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

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

(THÉREUPON, Applicant Exhibits One through Four were admitted into evidence.)

CROSS EXAMINATION

BY MR. STAMETS:

- Q Did I understand you correctly, Mr. Mahfood, to say that the total ultimate recovery, at least the current line pressure, would be two hundred and thirty-four million cubic feet?
 - A Yes, that appears to be correct.
- Q So you have already produced about half of the reserves?
 - A. Yes, we certainly have.

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

(THEREUPON, the witness was excused.)

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

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.

sid morrish reporting servi General Court Reporting Service 825 Calle Meja, No. 122, Santa Fe, New Mexico Phone (505) 982-9212

the Examiner hearing of Case No. 19 77

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New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE

87501

PHIL R. LUCERO
June 9, 1977



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR LAND CO
JOE D. RAMEY PHIL

Mr. A. J. Losee

Losee & Carson

Attorneys at Law Post Office Box 239 Artesia, New Mexico 88210	Applicant:
	Yates Petroleum Corporation
Dear Sir:	
Enclosed herewith are two co Commission order recently en	pies of the above-referenced tered in the subject case.
Yours very truly, JOE D. RAMEY Director	
JDR/fd	
Copy of order also sent to:	
Hobbs OCC X Artesia OCC X Aztec OCC	
Other	

Re: CASE NO.

ORDER NO. R-5445

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-Case No. 5932 Order No. R-5445

- (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 herein-above designated.

SEAL

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCEBO, Chairman

Allyy ("Ulwif ERI". ARNOLD Hember

OE D. RAMEY, Member & Secretary

jr/

AUTHORITY FOR EXPENDITURE Yates Petroleum Corporation

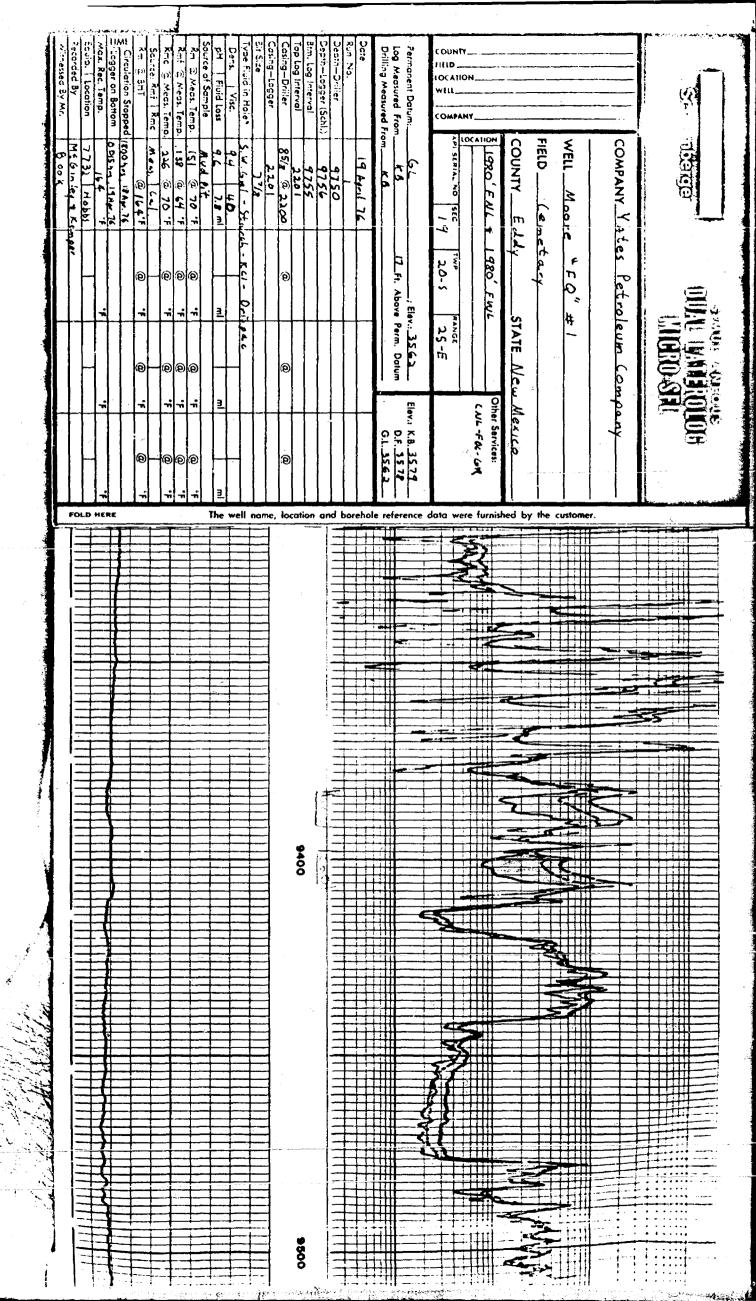
Estimated Cost to Drill,

Moore "FQ" #1

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Complete & Equip	SENW, Sec. 19-	•
	Cemetery, Eddy	y Co., N.M.
	D 11-1	
	Dry Hole	Completion
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
	4 - 6 0 100	
Contingency	\$ 8,100	\$ 10,600
TOTAL INTANGIBLES	\$224,000	\$255,000
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
TOTAL TANGIBLES	\$ 36,000	\$133,000
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
	y	
TOTAL LEASE EQUIPMENT	3 -	\$ 32,000
TOTAL TO DRILL, COMPLETE & EQUIP	\$260,000	\$420,000
Approval of this AFE constitutes approval of the charge the joint account with tubular goods from stock at the rates stated above, unless the non-on this form of his intent to furnish his proport	operator's war	ehouse notification
Approved .		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
YATES PETROLEUM CORPORATION		- 8 - 5 - 10 - 10 - 10 - 10 - 10 - 10 - 10 - 10
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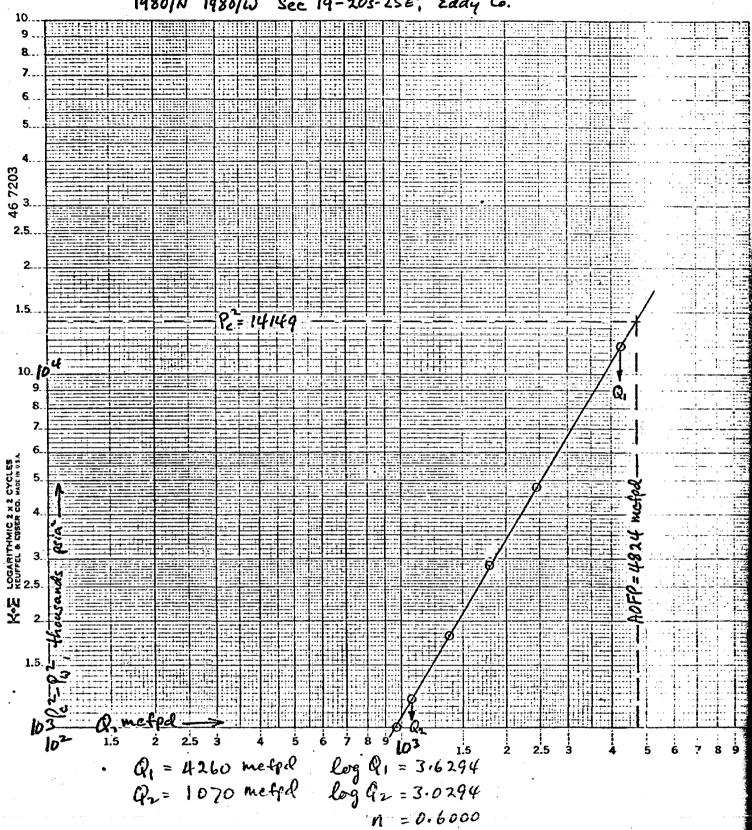
Cosing logger 326 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 Cosing Driller
Casing Lagger ليتناسا ومارسك derivated from o and failum ing Management Pages MEGINEY & Kenger FIFLD COMPANY Yates Petroleum COUNTY WELL. 85,g 4 2200 9750 2756 9276 9276 1980' ENE + 1980 FWL スロ Moore Eddy 76 "FQ" # 1 17 Ft Above Perin Datum 5.0 t KCI - Drispac ACTUAL INTERNATION STATE New 10.50 10.44 Corporation Mexico Elev.: DLL MSFL DF. 3574 GL 3562 P49381-90: 9396-9403 (E) 145 mmr 17



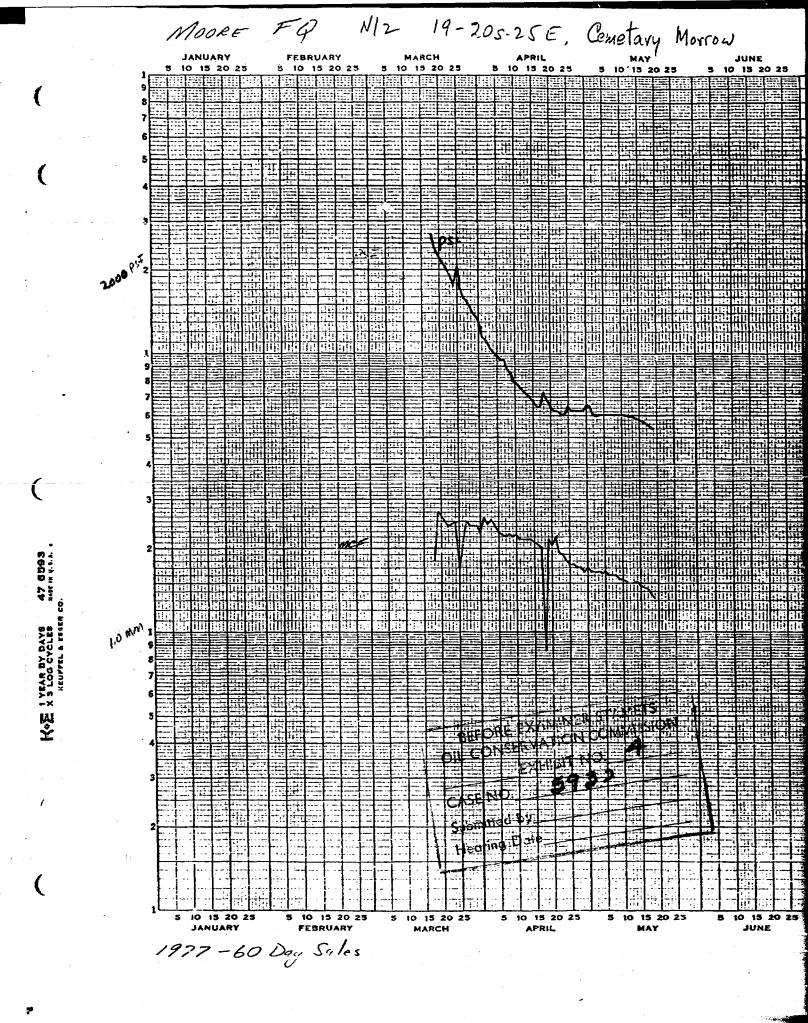
MULTIPOINT AND ONE POINT BACK PRESSURE LEST FOR GAS WELL

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	5-3-76	Wi.		9750 .:	KB	4.	_	953 Perforation	4' KE	L	3579' KB			Moore "FO")"
	sq. Size Wi. ,d Set 55" 17# 4.892 9							From				1041	Well No.		·	1	
Tbg.	5½" 17# 4.892 9 Tbg. Sizo Wi. d Set					A:	_	Perloration				104	<u></u>	Unit S		Tw	p. Rue.
2-	2-3/8" 4.7 1.995 9 Type Well-Single-Bradenhead-G.G. or G.O. Mu					396		From			° 93	331	КВ	F	19	2	OS 25E
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•	ubing	- 1		² 9400					1	1522	-	3.2			h		~~
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51 1.		067 x 1.375 350				_,			302		6						Months
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5.																	
						RAT	E O	FFLOW	CALC	LAT	ONS						
	Coeffic	ient		,	.	Pres	Sute	Flo	w Temp.		Gravity			Бирег		Rate	of Flow
NO.	(24 Ho	our)] -	~Vh _w P _m	-	F			Factor	actor Ft.		i i		Compress. Factor, Fpv		Q, Meid	
,	10.20	<u> </u>	 	73.81	\dashv			.9					-	1.0298		1000	
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1.	0.537	52	。	1.487	0/	130	A.P.I. Gravity of Liquid Hydrocarbons									Deg.	
2.	0.540			1.487											- 	XXX	XXXXX
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4.	0.544			1.487				ical Temp					355		R		R
5.	0.000			1]					·	77.5	IXIL	C 1 K 2	AETC		
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App	roved By Co	mmissio	n:	Conduc	led B	y:			Calcul	ned By				Checke	d By:		-
1	Don W					eav.	er		1 1	Eddi	e Mai	hfo	od				İ

YPC-Moore FQ Fee No.1 1980/N 1980/W Sec 19-205-25E, Eddy Co.



	WORKSH	EET FOR C	ALCULATIO	ON OF ST.	C COLUMN	I WELLHEAD	PRESSUR	E (P.)	•		C-122D Nuopied 9-1-65
COMPANY YPC			moore FQ								7-77
LOCATION: Unit	F	_ Section_	19	Town	ship	25	Range	lange 255			
L 9385	н 938	5 L/H		a 0159	<u>3</u> % C	02 0,76	% N ₂	0.29	. % H ₂ S_	N	7
9315(3.98)-37073 13/8: 65 18.451 1188 4: 5 (7.32) 39	d 2.13	2 F ₁ 0,	014839	GH <u>556</u>	<u> </u>	•	P _{cr} -	676	_ T _{Cr}	35.	<u> </u>
LINE 4385 38300		(2-	3	¢.		1	2	7		4
1 Q _m	S/	1.0.00	1.369	1.795	2.464	SI	-		1.70	35	-
2 T _w (W.H. °R)	522	529	527	524	520						
з Т _s (В.Н. °R)	625	624	623	622	620				-		
$4T = (\frac{1y_1 + \Gamma_S}{2})$	573.5	576.5	575	573	570	573.5			57	3	
5 Z (Est.)	.851	• કપ3	6.541	. 1832	.321	0.852			0.8	33	-
6 TZ	433.048	438.872	483.575	476.736	467.97	488.622			477.	309	
7 GH/TŽ	11.4026	11.3833	11.508	11.6731	11.8918				11.6	59	•
8 e ^S (Table XIV)	1.5336	1.5325	1.5396	1.5492	1.5620				1.54		
9 l - e ^{-S} (Table XIV)		2.3475	0.3505	0.3545	0.3598				0.35	42	
10 P _t	3038.2	2929.2	2824.2	2683.2	2427.2	3038.2		·	265	3136	
11 Pt 2/1000	9230.66	8580.2	7676.1	7226.42	5891.3	9230.66			722	.42	
12 F. (Toble-XV) = -0375 54	.42760	142633	.43155	เนราาน	.44594	.42709			1437	12	
13 F _c = F _r TZ		7.2544	7.1758	7.0743	6.9442	-	4.		7.08	28	
14F _c Q _m		7.2544	9.3236	12.6185	19.110				12.7	136	
15L/H (F _c Q _m) ²		52.6259	96.504	161.25	292.19				161.6	:36	
16 $F_{w}=L/H(F_{c}Q_{m})^{2}(1-e^{-s})$		18.283	33.875	57.163	105.339			1	57.	251	
$17 P_w^2 = P_t^2 + F_w$		8598.5	8009.93	72 82.58	5996.64				7283	.67	
$18 P_s^2 = e^s P_w^2$	14 156.14	,	12-22.00	1 ' 1	9366.75	!			11275	. 23	
19 P _s	3762.5			3359.1	3060.5	3761.5			3359	3.3	
20 P = $(\frac{P_1 + P_5}{2})$	3400.3				2705.9	· ·			3023	.2	
21 P _r =(P/P _{cr})	5.03	4.852	4.686	4.473	4.059	5.03			4.47	7-	
22 T _r = (T/T _{Ct})	1.6155		1.6197	1.6141	1.6056	1.6155			1.61	11	
23 Z (Table XI)	0.852	0.848	0.841	0.833	0.821	0.852			0.83	33	



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10	} }		R C Monks	en Aivers			10 +100 0/4 00 11	 	ins d	Montar 30 254	o Origeta	1	nto	A STATE OF THE STA	18959		Mork Prod. Mosturi 70 3550	
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LAW OFFICES

LOSEE & CARSON, P.A.

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

19 April 1977

APR 21 19776-3508

CH CONSERVATION COMM.

Santa Fe

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

Santa Fe, New Mexico 87501

Dear Ms. Teschendorf:

A.J. LOSEE JOEL M. CARSON

CHAD DICKERSON

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, us 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.

- 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.

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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 receive 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

LOSEE & CARSON, P.A. P. O. Drawer 239 Artesia, New Mexico 38210

Attorneys for Applicant

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- 544

W.

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.

has drilled

- (3) That the applicant has the right to drill and proposes its Moore "FQ" Well No. 1 located in Unit F of said to drill/axwell 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 per 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.

Case No. Order No. R-

- (11) That 1500,00 per month 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.
- (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 sull 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	n <u>19</u>	Township 20 South , Range 25 East	
	NMPM,		, Eddy County, New Mexico,	
	are hereby	y pooled	to form a standard 320 - acre gas spacing	
1/-	and prora	tion unit	to be dedicated to axxiilixxxxxxxxxiiixxxxx applicant	٤
MC	ore "FQ" w	ell No. 1	da Sendera Location 19.	
	PROV	DED HOWE	VER, that the operator of said unit shall	
	commence	he drill	ing of said we'll on or before the day of	

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 after the effective date of this order and within the days prior to semmenting 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.
- 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 person 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.
- 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.

-6-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 <u>Eddy</u> 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.