Case Number

(0020

Application

Transcripts.

Small Exhibits

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RAY BECK

Direct Examination by Mr. Carson

Cross Examination by Mr. Nutter

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Applicant Exhibit 1, Plat

Applicant Exhibit 2, Contour Map

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MR. NUTTER: The hearing will come to order, please. The next case will be Case Number 6020.

MS. TESCHENDORF: Case 6020. Application of Yates
Petroleum Corporation for an unorthodox gas well location,
Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee and Carson, P.A., Artesia, New Mexico. I have one witness, Ray Beck, who has not yet been sworn.

(Witness sworn.)

MR. CARSON: Mr. Nutter, before we proceed, let me ask a question about the manner of proceeding in this case.

We applied for this unorthodox location at a point that is 660 from the north and the west lines of Section 35, based on geological consideration. When the surveyor went out to stake this location yesterday -- I might say it had been represented to Mr. Beck that this was strictly goat pasture, but when they went out to stake this yesterday, it turns out that it's in the middle of a guy's sprinkler system and it now appears that it may be necessary to locate the well 30 feet east of where it is presently -- of the present location, being applied for, and about 300 feet south. Isn't that right, Ray?

MR. BECK: Well.

MR. CARSON: The topographical changes, based on topographical considerations are subject to administrative

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approval. Would it be appropriate to simply ask to amend this application and go -- and proceed right now or go ahead and proceed with our unorthodox and make a separate application for administrative approval of this further change?

MR. NUTTER: Let me see where that location would be amended to. It would be 30 feet to the east of the --

MR. CARSON: Yes,

MR. NUTTER: -- advertised location.

MR. CARSON: It would be 690.

MR. NUTTER: It would be 690 from the west line of the section and it would be 300 feet south?

MR. CARSON: Yes, sir, that would be 960, would be 960, yeah.

MR. NUTTER: 960.

MR. CARSON: The move makes it slightly more orthodox but nevertheless, it's an unorthodox location.

MR. NUTTER: Yeah, it's a little bit more orthodox. Are there any other units in operation in this vicinity, developed tracts?

MR. CARSON: Yes, sir, there are a number of wells in there on 320-acre spacing that are -- in the Kennedy Farms area, and all of them except for one well are unorthodox locations.

I think, perhaps, if you'll look at your exhibits there, Mr. Examiner, I think Applicant's Exhibit Number 2

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will show the producing wells in the area. Am I correct? MR. BECK: Yes, sir.

MR. NUTTER: Okay, now who operates the two wells in Section 34?

MR. BECK: That's Hanson Oil operates both those wells. The W. O. P. Kennedy Farms, drilling as Western Oil and produces as Kennedy, but it was later bought by Hanson.

The second well down there, the Hanson Clyde Guy, is representative of the wells, because when it was drilling it blew out and made double digit millions of some sort, and then they had clas casing and whipstocked it and never could find it, so I feel considering --

MR. CARSON: It's not a producing well.

MR. BECK: It's on the location but it's not a producing well.

MR. NUTTER: Which one is that?

MR. BECK: The Hanson Clyde Guy.

MR. CARSON: It's the Clyde Guy.

MR. NUTTER: That's the No. 22 on this --

MR. BECK: Yes, yes, sir. But it's not a producing well.

MR. NUTTER: Are you in a hurry to drill this well? MR. BECK: Well, we have a -- we were going to drill it with a rig that we've got that's down in the Mississippian right now. We're thinking about taking it down

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to the Devonian, so it would be another five or six days before that rig will be available. We would like to use that rig.

MR. NUTTER: I was thinking of the possibility of continuing this -- hearing the case and continuing it to the hearing on the 14th of September and call for appearances at that time with the amended location. I don't know. Let's go ahead and hear the case and then talk about it later.

RAY BECK

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARSON:

- Q Would you please state your name?
- A. Ray Beck.
- Q. What is your -- who is your employer, Mr. Beck?
- A. Yates Petroleum.
 - Q. And in what capacity are you employed?
- A. Geology.
- Q. Mr. Beck, have you previously testified before the Commission?
 - A. Yes, I have.

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Q.	Wou	ıld	yo	1	-	and	your	qualifications	have	be	een
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- A. Yes, they have.
 - MR. CARSON: Are his qualifications satisfactory?
 MR. NUTTER: Yes, they are.
- Q. Yates Petroleum Corporation has filed this Case

 Number 6020 applying for an unorthodox location. Would you

 please explain the nature of this application?
- A. Yates requests approval of an unorthodox gas well location of its proposed No. 1 Blevins "I-K" to be drilled 660 from the north and west lines of Section 35, Township 17 South, Range 26 East, Eddy County, New Mexico. The north half of Section 35 has been dedicated to the well.
- 0. Mr. Beck, I refer you to Applicant's Exhibit Number 1 and ask you to explain that exhibit to the Hearing Examiner.
- A. Exhibit Number 1 is a land plat showing the proposed location and its relationship to the surrounding acreage
 - Q What -- what do the colors stand for?
- A. The yellow is Yates leases and the rose color is Yates Minerals.
- Q I refer you to Applicant's Exhibit Number 2 and ask you to identify that and explain what it purports to show.
 - A. Exhibit 2 is a combined Clean Sand Isolith and

structural map showing in solid contours the varying total thickness of clean Morrow sand and in dotted contours the structural attitude of the top of the Morrow clastic.

The exhibit shows that in the Kennedy Farms area the Morrow gas wells are found where the clean Morrow Sands are thickest. Wells in Sections 25, 35, 36 with sound counts of 5, 3, and 14 feet respectively, are dry in the Morrow.

On the western side of the map a trend toward westernward increasing clean sand apparently is developed. Therefore the proposed 660 location appears to be the least risky location in the north half of the proration unit.

- Q Now, Mr. Beck, what is the -- you have -- I refer you to Applicant's Exhibit Number 3 and ask you to explain that exhibit, also.
- A. Exhibit Number 3 is a west to east cross section which shows on the left track of each log the interpretive clean Morrow Sand colored in yellow. Also shown are the correlations relating to the previous exhibit.
- Q. Mr. Beck, Applicant's Exhibit 1, 2, and 3 were all prepared by you or under your supervision, were they not?
 - A. They were prepared by me.
- Q Is it your belief that the granting of this application as perhaps administratively as amended to request a location 960 feet from the north line and 690 feet from the west line would have the effect of preventing the drilling

of unnecessary wells, protect correlative rights, and otherwise prevent waste?

A. Yes, I do.

MR. CARSON: We have no further questions and we would move the introduction of our exhibits, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Beck, referring to your Exhibit Number 2, now. you mentioned that the Numbers 3, 5, and 14 on the east side of the exhibit were dry in the Morrow and all of the other wells that are shown with the orange dot around them are producing in the Morrow, is that correct?

A. All the wells except for the exception of the Hanson Clyde Guy, which would have been a producing well if they had not have collapsed their casing and never could find it when they tried to whipstock it.

- Q It was productive and it blew out.
- A. Yes, sir. Well, in any case --
- 0 Mechanical problem there.
- A. Yes, sir.
- Q. And now the selection of the location at 660 feet from the north and east lines was based on the attempt to get into the thicker portion of the clean Morrow Sand, is that correct?

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A. That's right.

Q. And by amending the location as has been proposed here today, you will be moving to the east and to the south, which is in the direction of a less thickness -- or lesser thickness.

A. Yes, sir, actually by moving it this way to accommodate the sprinkler system on the pasture, we will be diminishing the geological prospects of the well, really, and I would prefer to drill 660 from the north and west, but it evidently can't be done.

- 0 Because of cultural features --
- A. Yes, sir.
- 0. -- there on the field.

I think in view of the geology here and the fact that you're moving to the location that is less unorthodox than the advertised location, we will permit the application to be amended here on the floor this morning and go ahead and hear the case and enter an order for this proposed amended location.

Are there any further questions of Mr. Beck? He may be excused. Do you have anything further, Mr. Carson?

MR. CARSON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6020?

We'll 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 service General Cour Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87 Phone (505) 982-9212 I do hersey certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6020, heard by mg on 1977.

New Mexico Oil Conservation Commission



DIRECTOR

JOE D. RAMEY

Other

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501

LAND COMMISSIONER PHIL R. LUCERO September 7, 1977



EMERY C. ARNOLD

Mr. Joel Carson Losee & Carson Attorneys at Law Post Office Box 239 Artesia, New Mexico	Re:	CASE NO. ORDER NO. F	6020 R-5527	-
		Yates Petr	oleum Corporati	on
Dear Sir:				•
Enclosed herewith Commission order Yours very truly JOE D. RAMEY Director	recently en			≥d
JDR/fd				
Copy of order als	so sent to:			
Hobbs OCC x Artesia OCC x Aztec OCC				

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. 6020 Order No. R-5527

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 31, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of September, 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 8

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Blevins "I-K" Well No. 1 to be drilled at a point 960 feet from the North line and 690 feet from the West line of Section 35, Township 17 South, Range 26 East, NMPM, to test the Morrow formation, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That the N/2 of said Section 35 is to be dedicated to the well.
- (4) That the legal notice for this case described the proposed unorthodox location for the subject well as being 660 feet from the North line and 660 feet from the West line of said Section 35.

-2-Case No. 6020 Order No. R-5527

- (5) That the discovery of certain agricultural appurtenances at said location makes it advisable to move the proposed well site to the point described in Finding No. (2) above.
- (6) That inasmuch as the amended location is closer to a standard location than the advertised location, and is therefore less unorthodox, the applicant should be permitted to amend the location without further notice and hearing.
- (7) That a well at the proposed unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (8) That no offset operator objected to the proposed unorthodox location.
- (9) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Morrow formation is hereby approved for Yates Petroleum Corporation Blevins "I-K" Well No. 1 to be drilled at a point 960 feet from the North line and 690 feet from the West line of Section 35, Township 17 South, Range 26 East, NMPM, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico.
- (2) That the N/2 of said Section 35 shall be dedicated to the above-described well.
- (3) 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.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

TOP DERAMET Member & Secretary

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LAW OFFICES

LOSEE & CARSON, P.A.

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ARTESIA, NEW MEXICO 88210

Seasy 1100 COMSI.

State Sec.

5 August 1977

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

Dear Mr. Ramey:

A.J. LOSEE JOEL M. CARSON

CHAD DICKERSON

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for unorthodox well location for its Blevins "I-K" No. 1 Well in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner on August 31, 1977, and that you furnish us with a docket of the hearing.

Very truly yours,

LOSEE & CARSON, P.A.

AJL:jw Enclosures

cc w/enclosure: Mr. Jack McCaw

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO. 6020

APPLICATION

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

1. That applicant is the operator for oil and gas in the Pennsylvanian formation underlying:

Township 17 South, Range 26 East, N.M.P.M.

Section 35: N/2

- 2. Applicant proposes to drill its Blevins "I-K"

 No. 1 at a location 660 feet from the North line and 660 feet

 460

 from the West line of said Section 35.
- 3. Applicant seeks an exception to the well location requirement of Rule 104-C of the Oil Conservation Commission to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation of the Pennsylvanian system.
- 4. That a standard 320-acre proration unit comprising the N/2 of said Section 35 would be dedicated to the Blevins "I-K" No. 1 Well.
- 5. That the approval of this application will afford the applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

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WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.
- B. That upon hearing the Commission enter its order granting applicant permission to drill its Blevins "I-K" No. 1 Well and to dedicate the N/2 of said Section 35 to said well, which is reasonably presumed to be productive of gas from the Morrow formation.
- C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

Ву:____

J. Losee for

LOSEE & CARSON, P.A. P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicant

Bakets Nos. 27-77 and 30-77 are tentatively but for bearing on Depterber 14 and 23, 1997. Applications for hearing much by filed at term! If days in educate of traries date.

INTEREST EXPLICIT REPORTS - ARTHURAY - ARTHURAY - ARTHURAY

9 A.M. - Oak over, Wartest Contracted most reservance book, STATE TAME THE PER PURCHES, CAMEA PE, LEW TEXTO)

The following cases will be heard before baniel D. Luccor, receiver, or Mistered L. Stameth, Alternate receivers

In the natter of the hearing either ty the Gil Contervation Considerion on Its can motion to permit land Gil Company, American Espicator' Insurance forward, and all other intercored parties to appear and show crass why the Garner Well No. 1 located in Unit D of Section 25, Township 14 South, Pages 25 Fast, Chross County, New Mexico, chould not be plugged and abandoned in secondance with

a Considerion-approved plugging program.

CASE 6017: Application of E. L. Lathan, Jr. and May G. Barton, Jr., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all ninecel interests underlying the F/2 NF/4 of Section 30, Township 9 South, Earge 23 Fast, Flying M-Son Anires Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the oblecation of the cost thereof, as well so 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 dulling and contains.

involved in drilling said well.

CASE 6018: Application of Walter Duncar for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Duhota formation through the open-hole interval from 687 feet to 706 feet in his North Hogback 1 Well Ro. 24 located in Unit G of Section 1, Township 29 North, Runge 17 West, and from 691 feet to 702 in his North Hogback 6 Well No. 3 in Unit L of Section 6, Township 29 North, Range 16 West, Slickrock-Dakota Pool, San Juan County, New Mexico.

Application of Gulf Gil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Littlefield "FM" Federal Com. Well No. 1 located in Unit J of Section 20, Township 18 South, Range 31 East, Eddy County, New Mexico, to produce gas from unical mutted Atoka and Morrow gas pools.

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approved for the unorthodox location of its Blevins "I-K" Well No. 1 to be drilled 660 feet from the North and West lines of Section 35, Township 17 South, Range 26 Dast, Eddy County, New Mexico, to test the Morrow formation,

the N/2 of said Section 35 to be dedicated to the well.

Application of Yalos Petroleus Corporation for salt water disposed, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 962 feet to 1240 feet in its Federal NJ Well No. 1 CASE 6021: located in Unit A of Section 31, Township 6 South, Renge 26 East, Linda-San Andres Pool,

Chaves County, New Mexico.

CASE 6020:

Application of Continental Oil Company for an unorthodox gas well location, Rio Arriba County, CASE 6022: New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Concco 29-4 Well No. 8 to be drilled 2269 feet from the South line and 1635 feet from the West line of Section 20, Township 29 North, Range 4 West, Gobernador-Fictured Cliffs Pool, Rio Arriba County, New Mexico, the SW/4 of said Section to be dedicated to the well.

Application of Inexco Oil Company for downhole cormingling and a tubing exception, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the downhole commingling of Upper Penn and Strawn production in the wellbore of its Federal 10 State Com Well No. 1.

located in Unit L of Section 10, Township 21 South, Range 26 Uast, Avalon Gas Field, Eddy County, New Mexico. Applicant further socks an exception to Commission Rule 107(d) to permit setting tubing 370 feet above the uppermost perforation in said well.

CASE 5957: (Continued from July 6, 1977, Exeminer Hearing)

Application of Belco Petrolous Corporation for compulsory pooling, lea County, New Mexico.
Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 8 and in the other Pennsylvanian formations underlying the R/2 of said Section 8, Township 24 Scuth, Ronge 35 East, Cinta Reja-Morrow Gas Peol, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 dwilling said wall.

drilling said woll.

CERT 6 17: (Continue t from Employ 17, 1977, The imprisents)

Apples the set for those sort Pierre Tryes for the tribly restlement, significant definition and an efficient for the other. Beginner, the form the confidence of the performance of the present of the Common matter and a content of the performance of the perfor

CASE (1964) (Continued from Lagret 37, 1977, Executed Hearing)

Application of Param. One has, for a palrony position and an americal a location. In Juan County, New Years, Applicant, in the items of the one, reader at county positing all interest increases in the Edward and advantage of the interest increases in the Edward Application and the form the Application Parks, for and a day, New York, to be deflected to a very to be deflicted at an encounteday location Parks for the Cart have an 1460 for a form the Many Pine of add Section 13. Also to be considered with he the west of defling and completing and velocity and the allocation of the count thereof, as well no natural or a ding contrast advantage for experience. Also to be considered will be the designation of applicant as or easter of the west and a charge for rick involved in drilling and well.

CASE (211: (Continued from August 17, 1977, Feather Rearing)

Application of Tennece Oil Company for devahole east insting, His Arciba County, Hew Mexico. Applicant, in the above-styled cause, seeks approval for the complete consinging of Blauso Mesaverde and Basin Baketa production in the wellbords of His Clearlin "A" Well No. 1 in Well L of Section 18, "B" Well He. 8 in Well R of Section 16, "C" Wells Nos. 4, 5, 6, 7, and 8, located, respectively, in Units F and I of Section 24, P of Section 14, and M and E of Section 13, all in Township 26 North, Range 5 Meak, Nie Arriba County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

dr/

IN THE MATTER OF THE HEARING

COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:
A CASE NO 6020
Order No. R- 5527
APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.
ORDER OF THE COMMISSION
BY THE COMMISSION:
This cause came on for hearing at 9 a.m. on August 31 , 1977 , at Santa Fe, New Mexico, before Examiner Daniel S. Nutter .
NOW, on this day of <u>September</u> , 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,
<u>FINDS</u> :
(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 for its Blevins "I-K" Well No. 1 to be drilled at a point approval of an unorthodox gas well location 960 feet from the North
line and 690 feet from the West line of Section 35, Township
17 South , Range 26 East , NMPM, to test the
Morrow formation, Kennedy Farms Morrow gase Pool,
Eddy County, New Mexico.
(3) That the $\frac{N/2}{}$ of said Section $\frac{35}{}$ is to be dedicated to the
well. (4) and (5) & (6) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.
(3) That no offset operator objected to the proposed unorthodox
location.
(4) That the legal natice for this case described the sure proposed uncerthologicalion for the subject proposed were as locing 660 feet from the north line and 660 feet from the west line of said Section 35.
(5) That Certain agricultural appurtenances at said
Sout alkareted in anding to (h) and
Hard inaxmuch as the amended location is closer to a standard location, then the advertised location, and is therefore less smorthoday, the applicant phonta be

-2-	
Case No.	
Order No.	R-

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

IT IS THEREFORE ORDERED:

- .(2) That the $\frac{N/2}{}$ of said Section $\frac{35}{}$ shall be dedicated to the above-described well.
- (3) That juffisdiction 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.

