

CASE 6087: YATES PETROLEUM CORPORATION
FOR AN UNDERGROUND GAS WELL LOCATED,
EDDY COUNTY, NEW MEXICO

Yai

ion

Case Number

6087

Application

Transcripts.

Small Exhibits

ETC.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpora-
tion for an unorthodox gas well
location, Eddy County, New Mexico.

CASE
6087

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: 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
Attorneys at Law
300 American Home Building
Artesia, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (303) 982-9212

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Page

1. Appearances	1
2. The Witness, Mr. Ray Beck	
Direct Examination by Mr. Losee	3
Cross Examination by Mr. Stamets	7
Witness Excused	7
3. Reporter's Certificate	8

EXHIBIT INDEX

Applicant's Exhibit No. 1, Map	4
Applicant's Exhibit No. 2, Map	4
Applicant's Exhibit No. 3, Cross Section	5
Exhibits No. 1 thru No. 3 Admitted	6

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

1 MR. STAMETS: Call next case, Case 6087.

2 MS. TESCHENDORF: Case 6087, application of Yates
3 Petroleum Corporation for an unorthodox gas well location,
4 Eddy County, New Mexico.

5 MR. LOSEE: A. J. Losee, appearing on behalf of
6 the applicant and I have one witness.

7 (THEREUPON, the witness was sworn.)
8

9 RAY BECK

10 was called as a witness by the applicant, and having been
11 first duly sworn, testified upon his oath as follows, to-wit:

12
13 DIRECT EXAMINATION

14 BY MR. LOSEE:

15 Q Would you state your name and residence?

16 A Ray Beck, Artesia, New Mexico.

17 Q What is your occupation?

18 A Petroleum Geologist, Yates Petroleum Corporation.

19 Q You have previously testified before this Commission
20 as an expert geologist have you not?

21 A Yes, I have.

22 Q Would you explain the purpose of the application
23 in Case 6087?

24 A Case 6087, Yates Petroleum Corporation seeks approval
25 of the unorthodox gas well location of its proposed No. 1

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 981-9212

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

1 Ralph Nix IT Well to be drilled six hundred sixty feet from
2 the south line and nine hundred ninety feet from the east
3 line of Section 13, Township 20 South, Range 24 East, Eddy
4 County.

5 The south half of Section 13 would be dedicated to
6 the well.

7 Q Please turn to what has been marked as Exhibit One
8 and explain what is portrayed by this exhibit?

9 A Exhibit One is a land plat showing the proposed
10 location and its relationship to the surrounding leasehold
11 situations.

12 Q The yellow acreage, I take it, is Yates Petroleum
13 acreage?

14 A Yes, sir, that's right.

15 Q Okay. Turn to Exhibit Two and identify it, please?

16 A Exhibit Two is a map showing a solid countour and
17 the thickness and approximate aerial extent of the upper
18 Morrow channel sand reservoir.

19 The dotted contours show the structural attitude on top
20 of the Morrow Clastic.

21 Three wells in Sections 19 and 30 of 20, 25,
22 penetrated the eastern or down dip finger of the channel and
23 tested water with gas shows.

24 One well, the Humble Hobbs, in Section 24 of 20,
25 24, was drilled to the Ellinburger in 1950 and penetrated

1 the upper Morrow channel although it was not tested before
2 Humble abandoned the well.

3 Nine years later Western Drilling attempted a
4 completion in the Morrow channel. After acidizing and fracking
5 the well flowed an estimated rate of one million cubic feet
6 a day without reported water.

7 However, evidently, not all of the lode was
8 recovered and the well was plugged and abandoned.

9 It is believed that the Upper Morrow sands in the
10 Humble Hobbs would have been gas productive had it not been
11 severely damaged by fresh water mud during the drilling of
12 the well to the Ellinburger and during the nine years it
13 was plugged before the completion attempt by Western Drilling.

14 Interpretation of the pertinent data obtained by
15 a study of the Morrow section in the well as shown on the map
16 indicates that the proposed location, unorthodox location,
17 is well placed to encounter the gas production of the Upper
18 Morrow channel sand reservoir.

19 The well is shown as gas productive on the map
20 are productive in zones other than the Upper Morrow channels.

21 Q. Turn to Exhibit Three and which is your east-west
22 cross section and point out what is important to this
23 application?

24 A. Exhibit Number Three is a west through east cross
25 section showing the top of the Morrow Clastics and other

sid morrish reporting service

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

1 correlations and the previously mentioned Upper Morrow
2 channel sands and also it shows the pertinent testing and
3 pertinent data.

4 Q On each of those four wells?

5 A Yes, -- well, one well, the Humble Hobbs, is not
6 shown on the cross section because it is only available on a
7 small scale log and it doesn't show on these logs.

8 I have it in my briefcase if we need it as an
9 exhibit.

10 Q Were Exhibits One through Three prepared by you or
11 under your direction?

12 A I prepared them.

13 Q Do you have an opinion as to whether or not drilling
14 this Ralph Nix IT No. 1 Well at the proposed unorthodox
15 location will avoid the unnecessary drilling of wells and
16 otherwise prevent waste?

17 A Yes, it will.

18 Q And protect correlative rights of the owners?

19 A Yes.

20 MR. LOSEE: That's all on direct.

21

22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Mr. Beck, do you have any theories why the Morrow
25 channels were laid down along the section line?

sid morrish reporting service

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

1 A. I have no opinion.

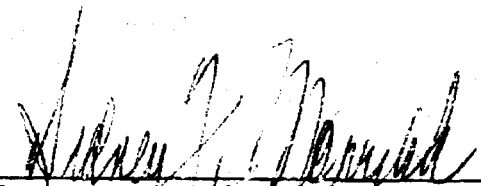
2 MR. STAMETS: Are there any questions of this
3 witness? He may be excused. Anything further in this
4 case? Take the case under advisement.

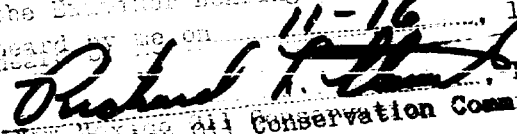
5 (THEREUPON, the witness was excused and the
6 case was concluded.)
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6002
heard by me on 11-16, 19 77.

Examiner
New Mexico Oil Conservation Commission

sid morrish reporting service

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

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. 6087
Order No. R-5587

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 November 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of November, 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 approval of an unorthodox gas well location 660 feet from the South line and 990 feet from the East line of Section 13, Township 20 South, Range 24 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Cemetery Field, Eddy County, New Mexico.
- (3) That the S/2 of said Section 13 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) 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.

-2-

Case No. 6087
Order No. R-5587

IT IS THEREFORE ORDERED:

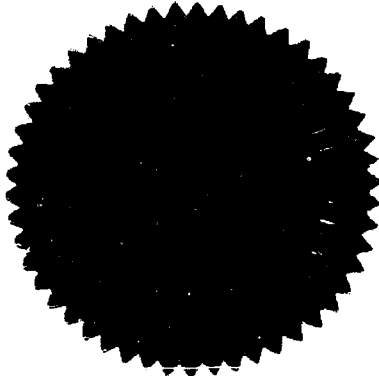
(1) That an unorthodox gas well location for Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Ralph Nix "IT" Well No. 1 to be located at a point 660 feet from the South line and 990 feet from the East line of Section 13, Township 20 South, Range 24 East, NMPM, Cemetery Field, Eddy County, New Mexico.

(2) That the S/2 of said Section 13 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

jr/

CASE 6061: (Continued from October 12, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Stinking Draw Unit Area comprising 2,881 acres, more or less, of Federal and State lands in Township 21 South, Range 22 East, Eddy County, New Mexico.

CASE 5983: (Continued from October 12, 1977, Examiner Hearing)

Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

CASE 6072: (Continued from October 26, 1977, Examiner Hearing)

Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Canyon production for its Travis Deep Unit Well No. 2, located in Unit G of Section 13, Township 18 South, Range 28 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 6086: 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 E/2 of Section 21, Township 17 South, Range 26 East, Eddy 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 drilling said well.

CASE 6087: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ralph Nix "IT" Well No. 1 to be located 660 feet from the South line and 990 feet from the East line of Section 13, Township 20 South, Range 24 East, Eddy County, New Mexico, the S/2 of said Section 13 to be dedicated to the well.

CASE 6088: Application of Yates Petroleum Corporation for a dual completion, downhole commingling, and salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Eagle Creek Atoka-Morrow, Eagle Creek-Strawn and Eagle Creek Permo-Penn production in the wellbore of its Mitchell "IN" Well No. 2 located in Unit I of Section 23, Township 17 South, Range 25 East, Eddy County, New Mexico, and to dually complete said well in such a manner as to permit disposal of produced salt water into the Devonian formation thru tubing and production of the aforesaid commingled zones thru the casing-tubing annulus.

CASE 5981: (Continued from October 12, 1977, Examiner Hearing)

Application of W. A. Moncrief, Jr., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Upper-Pennsylvanian production for his State Well No. 1 located in Unit E of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 6076: (Continued from October 26, 1977, Examiner Hearing)

Application of E. L. Latham, Jr., Roy G. Barton, Jr., and R. L. Foree for a gas well curtailment and gas pool prorationing, Chaves County, New Mexico. Applicants, in the above-styled cause, seek an order temporarily shutting in, or limiting production from the La Rue and Muncy Nola Well No. 1, located in Unit O of Section 8, Township 14 South, Range 28 East, Sams Ranch Grayburg Gas Pool, Chaves County, New Mexico. Applicants further request that the Commission institute gas prorationing in said pool retroactively to date of first production and direct the gas purchaser(s) in said pool to take ratably from all wells in said pool.

BEFORE THE OIL CONSERVATION COMMISSION

OF THE 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. 6087

APPLICATION

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

1. Applicant is the operator of the Pennsylvanian
formation underlying:

Township 20 South, Range 24 East, N.M.P.M.

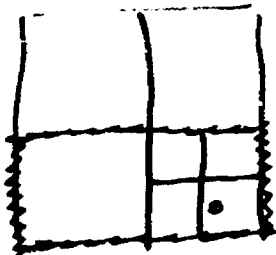
Section 13: S/2

and proposes to drill its Ralph Nix "IT" No. 1 Well at a
point located 660 feet from the South line and 990 feet from
the East line of said Section 13.

2. The applicant seeks an exception to the well loca-
tion requirements of Rule 104-C.2(a) of the Oil Conservation
Commission to permit the drilling of the well at the above men-
tioned unorthodox location to a depth sufficient to adequately
test the Morrow formation in the Pennsylvanian system.

3. A standard 320-acre gas proration unit com-
prising the S/2 of said Section 13 should be dedicated to such
well or to such lesser portion thereof as is reasonably shown
to be reasonably productive of gas.

4. The approval of this application will afford
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.

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 a well 660 feet from the South line and 990 feet from the East line of said Section 13 and to dedicate the S/2 of Section 13, which is reasonably presumed to be productive of gas.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson for

LOSEE & CARSON, P.A.

P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicant

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. 6087

Order No. R- 5587

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 November 16, 19 77,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of November, 19 77, the Commission,
a quorum being present, having considered the testimony, the record, and
the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Yates Petroleum Corporation, seeks
approval of an unorthodox gas well location 660 feet from the South
line and 990 feet from the East line of Section 13, Township
20 South, Range 24 East, NMPM, to test the
Wolfcamp and Pennsylvanian formations, Come Targ Field foot,
Eddy County, New Mexico.

(3) That the S/2 of said Section 13 is to be dedicated to the
well.

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

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

-2-

Case No. 6087

Order No. R-

(6) 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:

Pennsylvanian (1) That an unorthodox gas well location for ~~the~~ Wolfcamp and
The Yates Petroleum Corporation Ralph Nix IT Well No 1
formations is hereby approved for ~~to~~ to be located at a point 660
feet from the South line and 990 feet from the East
line of Section 13, Township 20 South, Range 24 East
NMPM, Cemetery Field Pool, Eddy County,
New Mexico.

(2) That the S/2 of said Section 13 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.