CASE 6198: YATES PETROLEUM CORPORATION FOR AM UNDSTRUCCH GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

## \_ase Number

6/08

Application

Transcripts.

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#### BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico 14 December 1977

#### **EXAMINER HEARING**

IN THE MATTER OF:

Application of Yates Petroleum Cor-) poration for an unorthodox gas well) location, Eddy County, New Mexico. ) CASE 6108

BEFORE: Richard L. Stamets

#### TRANSCRIPT OF HEARING

#### $\underline{\mathbf{A}} \ \underline{\mathbf{P}} \ \underline{\mathbf{P}} \ \underline{\mathbf{E}} \ \underline{\mathbf{A}} \ \underline{\mathbf{R}} \ \underline{\mathbf{A}} \ \underline{\mathbf{N}} \ \underline{\mathbf{C}} \ \underline{\mathbf{E}} \ \underline{\mathbf{S}}$

For the New Mexico Oil Corporation Commission: Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico 87501

For Yates Petroleum Corporation:

Joel Carson, Esq. LOSEE & CARSON, P.A. Artesia, New Mexico

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RAY BECK

Direct Examination by Mr. Carson

sid morrish reporting service General Court Reporting Service 25 Calle Mejla, No. 122, Santi Fe, New Mexico Phone (505) 982-9212

EXHIBITS

Applicant Exhibit One, Land Plat

Applicant Exhibit Two, Structural Map

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MR. STAMETS: We'll call now Case 6108.

MS. TESCHENDORF: Case 6108. Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, I'm Joel Carson,
Losee and Carson, P. A., Artesia, New Mexico, representing
the Applicant, and I will have one witness in this cause.
I'd like to have him sworn.

(Witness sworn.)

#### RAY BECK

being called as a witness on behalf of Yates Petroleum Corporation, and having been duly sworn upon his oath, testified as follows, to-wit:

#### DIRECT EXAMINATION

BY MR. CARSON:

- Q Would you state your name, please?
- A. Ray Beck.
- Mr. Beck, by whom are you employed?
- A. Yates Petroleum Corporation.
- Q And in what capacity?
- A. Geologist.
- Mr. Beck, have you previously testified before

# sid morrish reporting service General Court Reporting Service 825 Calle Mejla, No. 122, Santa Fe, New Mexico 8750. Phone (505) 982-9212

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- A. Yes, I have.
- Q And have your qualifications been acceptable?
- A. Yes.
- Q All right.

MR. STAMETS: The witness is considered qualified.

Q Mr. Beck, will you state the purpose of this application, please?

A. Case 6108, Yates Petroleum Corporation requests approval of the unorthodox gas well location of its No. 1 Bradshaw IY to be drilled 660 feet from the south and west lines of Section 35, Township 17 South, Range 26 East, in the Kennedy Farms Field, Eddy County, and the south half of Section 35 will be dedicated to the well.

Q. Mr. Beck, I'll refer you to what's marked as Applicant's Exhibit Number One and ask if you -- if that was prepared by you or under your supervision?

- A. I prepared it.
- Q. Would you tell the Examiner what that exhibit purports to show?

A. Exhibit Number One is a land plat showing the proposed location and its relationship to the surrounding leasehold situation. Yellow denotes the land in which Yates has one hundred percent or some lesser per-

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cent interest in the lease; pink indicates land in which Yates owns the minerals.

By drilling the Bradshaw IY, Yates will earn fifty percent of the interest in leases in the south half of Section 35 after pay out.

- Q. Mr. Beck, I'm going to refer you to what's marked as Applicant's Exhibit Number Two and ask you to describe that exhibit.
- A. Exhibit Number Two is a combined Isolith and structural map showing in a solid contour the varying footage of Clean Morrow Sand and in dotted contour, the structural attitude on the top of the Morrow Clastic.

Also shown in this exhibit is a typical compensative neutron formation density log from Kennedy Farms

Morrow Sand present in the Yates Hnulik Well , and the

counted footage in this well is twenty feet.

On the map the red colored well spots are Morrow gas producers.

One seeming anomalous well at the plugged and abandoned Hanson Clyde Guy Well in the northeast southeast of Section 34, 17 South, 26 East. This well blew out in the Morrow and was an indicated producer in which five and one-half inch casing was run; however, the casing collapsed and after two whipstock operations the well was abandoned.

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contoured to indicate on the map that the proposed 660 location would encounter the greatest number of feet of Clean Morrow Sand in the south half of Section 35.

- Q Mr. Beck, was this Exhibit Number Two prepared by you or under your supervision?
  - A. I prepared it.
- Q Mr. Beck, is it your professional opinion that the granting of this application would afford the applicant an opportunity to produce its just and equitable share of gas?
  - A. Yes, I do.
- And that would prevent an economic loss caused by the drilling of unnecessary wells, avoid the element of risk arising from the drilling of an excessive number of wells and would otherwise prevent waste and protect correlative rights?
  - A. Yes, I do.
- MR. CARSON: We move the introduction of these exhibits, Mr. Examiner.
  - MR. STAMETS: These exhibits will be admitted.
- MR. CARSON: We have no further questions of this witness.
- MR. STAMETS: Any questions of this witness?

  He may be excused. Anything further in this case? Take

  the case under advisement.

(Hearing concluded.)

#### 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 82: Calle Mejle, No. 122, Santa Fe, New Morko Phone (505) 562-5212

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BEFORE: Richard L. Stamets		
TRANSCRIPT OF	HEARING	
APPEARA	NCES	
For the New Mexico Oil Corporation Commission:	Lynn Teschendorf, Legal Counsel for State Land Office Santa Fe, New Mex	the Commission Building

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

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For Yates Petroleum Corporation:

Joel Carson, Esq. LOSEE & CARSON, P.A. Artesia, New Mexico

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#### INDEX

RAY BECK

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Sidney F. Morrish, C.S.R.

do nereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1977.

New Mexico Oil Conservation Commission



### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

	THE FOR OLD CONSTRUCTION.
	CASE NO 6108
	Order No. R <u>5614</u>
	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 <u>December 14</u> , 19 77 at Santa Fe, New Mexico, before Examiner <u>Richard L. Stamets</u> .
	NOW, on this <u>day of <u>December</u>, 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,</u>
	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 660 feet from the West line of Section 35, Township
•	17 South , Range 26 East , NMPM, to test the
Wolfcomp	and Pannsylvenian formation, Kennedy Farms Field
	17 South, Range 26 East, NMPM, to test the Arms Field From Eddy County, New Mexico.
	(3) That the $8/2$ of said Section $35$ 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.
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Case	No.			
<b>Order</b>	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:

L. Xt. R	(1) That an unorthodox gas well location for the W. If camp and knowled formations is hereby approved for A mell to be drilled, at a point 660
	feet from the South line and 660 feet from the West
	line of Section 35 , Township 17 South , Range 26 East
	NMPM, Kennedy Farms Field Pool, Eddy County,
	New Mexico.

- (2) That the  $\frac{S/2}{}$  of said Section  $\frac{35}{}$  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.



DIRECTOR

JOE D. RAMEY

Other

#### **OIL CONSERVATION COMMISSION**

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

LAND COMMISSIONER PHIL R. LUCERO



January 4, 1978

Re: CASE NO. 6108 Mr. Joel Carson ORDER NO. **R-5614** Losee & Carson Attorneys at Law Post Office Box 239 Applicant: Artesia, New Mexico 88210 Yates Petroleum Corporation Dear Sir: Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case. Yours very truly, JOE D. RAMEY Director JDR/fd Copy of order also sent to: Hobbs OCC 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. 6108 Order No. R-5614

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 December 14, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of January, 1978, 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 660 feet from the West line of Section 35, Township 17 South, Range 26 East, NMPM, to test Wolfcamp and Pennsylvanian formations, Kennedy Farms Field, Eddy County, New Mexico.
- (3) That the S/2 of said Section 35 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. 6108 Order No. R-5614

#### IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Bradshaw "IY" Com Well No. 1 to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 35, Township 17 South, Range 26 East, NMPM, Kennedy Farms Field, Eddy County, New Mexico.
- (2) That the S/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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

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Dockets Nos. 1-78 and 2-78 are tentatively set for hearing on January 2 and 18, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 14, 1977

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1973, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for January, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6101: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Nopal Draw Unit Area comprising 1920 acres, more or less, of Federal and Fee lands in Township 21 South, Range 25 East, Eddy County, New Mexico.
- Application of Transocean Oil, Inc., for a unit agreement, Catron County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Quemado Unit Area comprising 33,844 acres, more or less, of Federal, State, and Fee lands in Township 2 North, Ranges 15, 16, and 17 West, Catron County, New Mexico.
- Application of Getty Oil Company for expansion of its Fren Seven-Rivers Waterflood Project and 28 dual completions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Fren Seven-Rivers Waterflood Project by injection of water into the Seven-Rivers formation thru 32 wells in its Getty Unit Area, Township 17 South, Range 31 East, Eddy County, New Mexico, 28 of which wells would be dual completions in the Fren Seven-Rivers Pool and the Grayburg-Jackson Pool.
- Application of Betrice Bedingfield for salt water disposal, Eddy County, New Mexico, Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation thru the open-hole interval from 487 feet to 517 feet in her Sunray State Well No. 1 and from 500 feet to 552 feet in her Hastie Well No. 8, located in Unit E of Section 30 and Unit F of Section 18, respectively, both in Township 17 South, Range 28 East, Empire Yates-Seven Rivers Pool, Eddy County, New Mexico.
- Application of Mewbourne Oil Company for creation of an associated gas pool and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Querecho Plains-Queen Oil Pool as an associated pool and approval of a 120-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 22 and the NW/4 SW/4 of Section 23, both in Township 18 South, Range 32 East, Lea County, New Mexico, to be dedicated to its Federal "F" Well No. 1 located in Unit L of said Section 23.
- CASE 6106: Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 31, Township 15 South, Range 36 East, 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 drilling said well.
- 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 Bradshaw IY Com Well No. 1 to be located 660 feet from the South and West lines of Section 35, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, the S/2 of said Section 35 to be dedicated to the well.
- CASE 6109: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Burton Flat-Morrow and North Burton Flat-Wolfcamp production in the wellbore of its Stonewall EP State Well No. 1 located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico.
- Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kennedy
  Farms-Morrow and Kennedy Farms-Atoka production in the wellbore of its Caffall FD Com Well No.

  1 located in Unit 0 of Section 15, Township 17 South, Range 26 East, Eddy County, New Mexico.



#### **OIL CONSERVATION COMMISSION**

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

LAND COMMISSIONER
PHIL R. LUCERO



Memo No. 6-77

## <u>NOTICE!</u> <u>NOTICE!</u> <u>NOTICE!</u> TO ALL OPERATORS FROM JOE D. RAMEY, SECRETARY-DIRECTOR

THIS IS A FINAL REMINDER THAT ALL EXISTING ONE-WELL AND BLANKET PLUGGING BONDS MUST BE REPLACED BY NEW BONDS ON THE REVISED FORMS PRIOR TO JANUARY 1, 1978.

This requirement is in accordance with Commission Order No. R-5432 entered May 24, 1977.

The most recent reminder of this requirement was sent to all operators by OCC Memorandum No. 5-77 dated October 17, 1977, and explained that if replacement bonds are not on file and approved by the deadline date, operators will be required to shut in all producing, drilling, and injection wells.

Response to the requirement for replacement bonds has been less than adequate. At this writing, there still remain more than one thousand bonds which have not yet been replaced, and there is less than one month before the deadline.

This is the final reminder that will be sent to operators to replace existing bonds by January 1, 1978, or face the shutting in of wells.

JDR/DSN/jr

December 2, 1977

N 23 157>

### 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. 6/08

#### APPLICATION

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

1. That applicant is the operator of the Pennsylvanian formation underlying:

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

Section 35: S/2

- 2. Applicant proposes to drill its Bradshaw "IY" Com.

  No. 1 Well at a location 660 feet from the south and 660 feet

  from the west line of said Section 35, and to dedicate the S/2

  of said Section 35 to the well.
- 3. Applicant seeks an exception to the well location requirements 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 S/2 of said Section 35 should be dedicated to the Bradshaw "IY" Com. No. 1 Well.
- 5. That 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 its Bradshaw "IY" Com.

  No. 1 Well and to dedicate the S/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

Losee & Carson, P.A.

P. O. Drawer 239

Artesia New Mexico 88210

Attorneys for Applicant

Loel Carson Phone in 11/23/ Appl Yates Pet Corp DHC Stonewall & PState
No! 1980 N&W 30-205-285
Eddy G Barton EX Caffall ned Farms - Morror Case 6/08 NSL Bridshow IY Worken NOI 6605 &W 35-175-26E 5/2 de diation Lewely Famo Ciell