

g CASE 6192: YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY *em*

Case NO.

6192

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
Santa Fe, New Mexico
April 5, 1978

EXAMINER HEARING

-----)
)
IN THE MATTER OF:)
)
Application of Yates Petroleum) Case 6192
Corporation for an unorthodox)
gas well location, Eddy County,)
New Mexico.)
-----)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico

For the Applicant Yates Petroleum Corporation:

Joel Carson, Esq.
Losee, Carson, Dickerson, P.A.
Carper Bldg., P. O. Box 239
Artesia, New Mexico

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SANTA FE, NEW MEXICO 87501

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MR. NUTTER: I call next case, No. 6192.

MS. TESCHENDORF: Case 6192, 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, Carson, Dickerson, P. A., Artesia, New Mexico. We appear here on behalf of the Applicant, Yates Petroleum Corporation. We have one witness, Mr. Ray Beck who has been previously qualified before the Oil Conservation Commission.

MR. NUTTER: Mr. Beck is qualified
(WHEREUPON, the witness, Ray Beck, was sworn.)

MR. CARSON: I suppose I should first move to amend the application to reflect that before the Oil Conservation Division rather than the Oil Conservation Commission, to that effect.

MR. NUTTER: Thank you, Mr. Carson, you filed it when there was a Commission though.

MR. CARSON: Yes, sir.

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RAY BECK

the witness herein, having been previously sworn,
was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CARSON:

Q Would you please state your name?

A Ray Beck.

Q By whom are you employed?

A Yates Petroleum.

Q In what capacity?

A Geologist.

Q Mr. Beck, would you please explain the
purpose of this application?

A In Case 6192 Yates Petroleum Corporation
requested approval of the unorthodox gas well location of
its proposed No. 1 Federal "DC" drilled in 1980 feet
from the south line and 660 feet from the west line of
Section 29, Township 20 South, Range 28 East, Eddy County,
the south half of said section to be dedicated to the well.

Q I refer you to Applicant's Exhibit No. 1,
Mr. Beck and ask if that was prepared by you or under your
supervision?

A It was prepared under my supervision.

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Q Would you tell the Examiner what that exhibit purports to show?

A Exhibit No. 1 is a land plat showing that the proposed location and its relationship to the surrounding lease hole situation, yellow denotes land in which Yates has 100 per cent or some lesser percentage in the lease. Pink denotes land in which Yates has an overriding royalty interest.

As indicated on the map Yates would be reentering a dry hole which was cabled to drill 570 feet in Seven River formation.

Q I refer you to Applicant's Exhibit No. 2 and ask if that was prepared by you or under your supervision?

A I prepared it.

Q Would you explain to the Examiner what that Exhibit shows?

A Exhibit No. 2 is a combined isolith and instructural map showing a solid contours, the varying footage of Clean Morrow Sand and the dotted contours, the structural attitude of the top of the Lower Morrow.

The data, as contoured on the map, indicates that the proposed exception location should encounter cumulative footage in excess of 100 feet of clean Morrow

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or more sand then would be found at the standard location or in the more easterly parts of the proration unit.

The structure contours indicate that the proposed unorthodox location would be 90 to 100 feet higher than the Stonewall "DS" No. 2 well some 2900 feet to the east which had 3 porous and permeable, but water-wet sands. These sands, if found in the updip unorthodox location could be gas bearing.

As the following crossection exhibit will attempt to show there are four Upper Morrow sands in the Stonewall "DS" No. 2 which are tite, but which correlate with sands which have been perforated and which produce in the Gulf No. 1 Cardenas well in the north half of Section 29. The unorthodox location may find the four tite Upper Morrow sands in the "DS" No. 2 with improved porosity and permeability.

Q I refer to you Applicant's Exhibit No. 3, Mr. Beck, and ask if that was prepared by you or under your supervision?

A I prepared it.

Q Would you explain to the Examiner what that purports to show?

A Exhibit No. 3 is north-south crossection

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A-A prime showing the Morrow section and pertinent correlation. One may note the perforated sands in the Gulf Well, the middle well in the crossection and the possible correlative tite sands in the Stonewall "DS" No. 2 well which was previously discussed.

Q Mr. Beck, in Exhibits No. 1 and 2 you show another producing well in the south half of 29. What is that formation is that producing from?

A It's currently producing from the Strawn.

Q Mr. Beck, in your opinion would the approval of this application afford for the Applicant the opportunity to produce its just and equitable share of gas, prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights?

A Yes.

MR. CARSON: I would like to move the introduction of these exhibits, Mr. Examiner.

MR. NUTTER: Yates Exhibits 1, 2 and 3 will be admitted into evidence.

(WHEREUPON, Applicant's Exhibits Nos. 1, 2 and 3 admitted into the evidence.)

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MR. CARSON: We have no further testimony.

MR. NUTTER: Mr. Beck, on your Exhibit No. 1 you show a location in the southeast of the northwest of Section 29 and then on Exhibit 2 you show a gas well, as I presume that location shown on Exhibit 1 has been subsequently completed and is the Gulf Gas Well, correct?

MR. BECK: In the north half of 29 there?

MR. NUTTER: Yes.

MR. BECK: Yes, that is the Gulf Well.

MR. NUTTER: That's a gas well?

MR. BECK: Yes, sir. You can see it better on Exhibit No. 2 there. It's complete.

MR. NUTTER: Then on your Exhibit No. 3 on the crossection you have Stonewall "DS" 2 as the third exhibit--as the third well on the exhibit to the right and you mentioned that it is a strawn gas well, but I see perforations down in the lower Morrow. Is that where it made the water?

MR. BECK: It says perforated there, 11,408 to 418 and we got a hole full of water. So we bridge plugged that off and went on up and worked on upper zones.

MR. NUTTER: And the Strawn is off the

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crosssection to the drop?

MR. BECK: Yes, sir.

MR. NUTTER: And then the Stonewall DD, which is located up in Section 20, is the left well?

MR. BECK: Yes, sir.

MR. NUTTER: On the crosssection and it does have a little set of perforations on the lower Morrow?

MR. BECK: Yes, sir.

MR. NUTTER: Is that productive in there?

MR. BECK: No, sir. We tested that and we got gas and water and we never could control the water so we again bridge plugged that off and went on up and made a wolf cash well out of that one.

MR. NUTTER: So the only producing well on here is the Gulf Cardenas well and it's completed in the middle Morrow I guess?

MR. BECK: Yes, sir.

MR. NUTTER: Any further questions of Mr. Beck? You may be excused.

Do you have anything further, Mr. Carson?

MR. CARSON: Only to say this, Mr. Examiner, and Mr. Beck informs me that he is waiting to move a rig on this location if I could call up here sometime to find

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if it was---get some administrative approval?

MR. NUTTER: We will expedite a decision on this and order on this as soon as possible.

MR. CARSON: Thank you.

MR. NUTTER: Does anyone else have anything to offer in Case 6192? We will take the case under advisement.

(WHEREUPON, hearing was concluded.)

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RFR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this eleventh day of April, 1978.


Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6192, heard by me on 4-5, 1978.


Examiner
New Mexico Oil Conservation Commission

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GOVERNOR

NICK FRANKLIN
SECRETARY

April 11, 1978

POST OFFICE BOX 3088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Joel Carson
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 6192
ORDER NO. R-5697

Applicant:

Yates Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6192
Order No. R-5697

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 5, 1978, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 11th day of April, 1978, the Division Director, 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 Division 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 Federal "DC" Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 29, Township 20 South, Range 28 East, NMPM, to test the Morrow formation, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the S/2 of said Section 29 is to be dedicated to the well.

(4) That said unorthodox location results from the re-entry of a previously drilled dry hole.

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

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Case No. 6192
Order No. R-5697

(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.

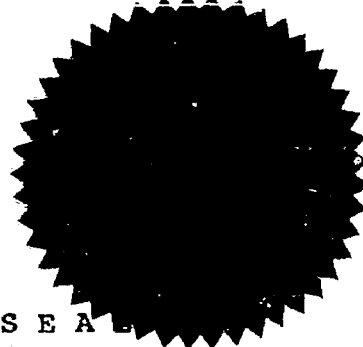
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Yates Petroleum Corporation Federal "DC" Well No. 1 to be located at a point 1980 feet from the South line and 660 feet from the West line of Section 29, Township 20 South, Range 28 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 29 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 Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

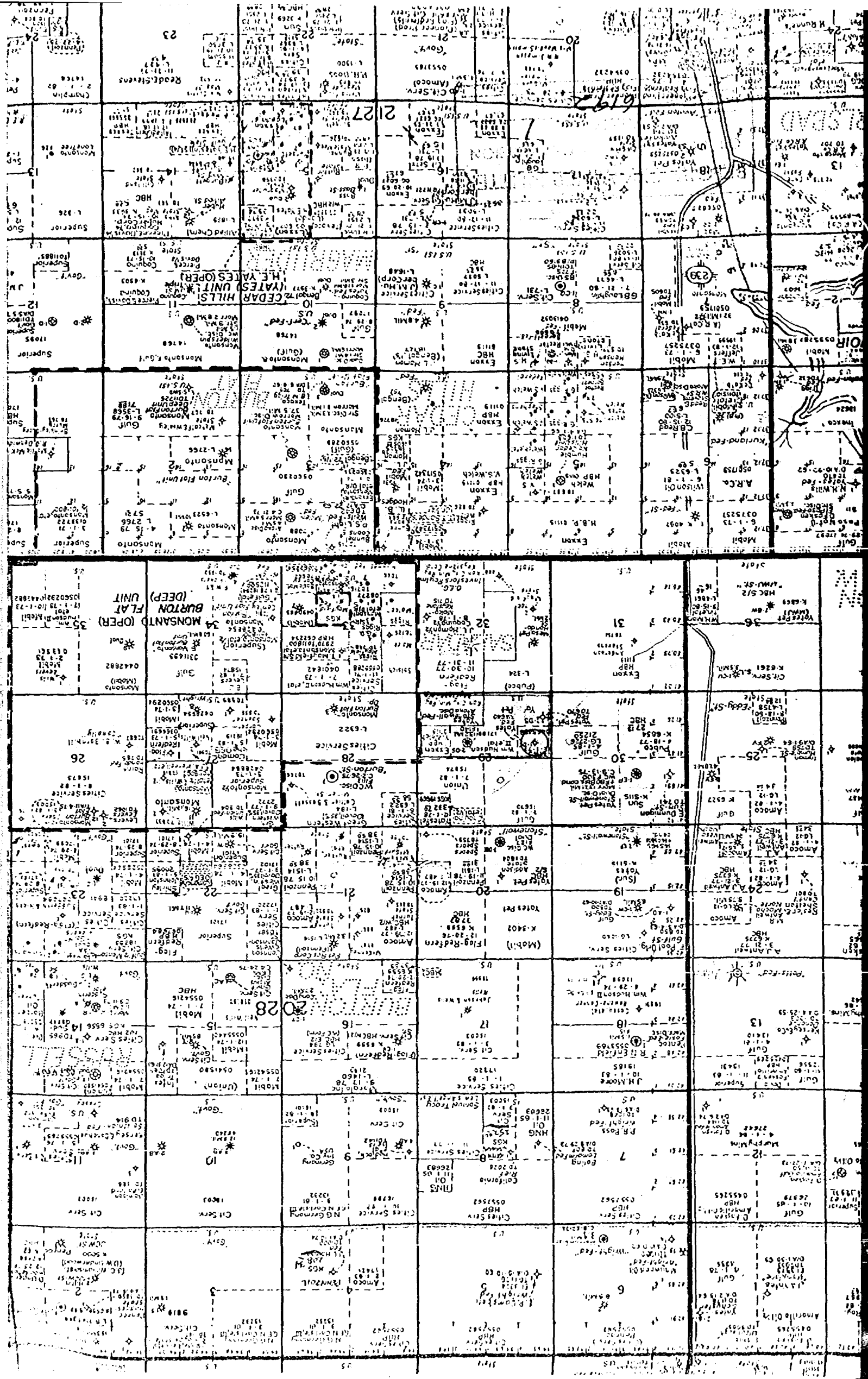


STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

S E A L

jr/



Dockets Nos. 14-78 and 15-78 are tentatively set for hearing on April 19 and May 3, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 5, 1978

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

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

CASE 6190: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Peter Siemens, Fidelity & Casualty Co. of New York, and all other interested parties to appear and show cause why the Wright Well No. 1 located in Unit F of Section 12, Township 10 North, Range 5 East, Bernalillo County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6191: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Daryl Davis and all other interested parties to appear and show cause why the State Well No. 1 located in Unit K of Section 1, Township 4 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6177: (Continued & Readvertised)

Application of Texas International Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of a proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, Eddy County, New Mexico, in such a manner as to penetrate the Strawn formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the North line and 1552 feet from the West line of said Section 29. The N/2 of the section would be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 would be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.

CASE 6192: 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 Federal "DC" Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 29, Township 20 South, Range 28 East, Eddy County, New Mexico, the S/2 of said Section 29 to be dedicated to the well.

CASE 6193: Application of Zia Energy, Inc., for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Elliott Federal Well No. 1 located 2310 feet from the South line and 330 feet from the East line of Section 26, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, the N/2 SE/4 and W/2 NE/4 of said Section 26 to be simultaneously dedicated to the aforesaid well and to Well No. 2 in Unit J.

CASE 6194: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla "A" Well No. 10 to be located 1190 feet from the South line and 1590 feet from the East line of Section 18, Township 26 North, Range 5 West, Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, the SE/4 of said Section 18 to be dedicated to the well.

CASE 6195: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla "A" Well No. 9 to be located 1850 feet from the North line and 1450 feet from the West line of Section 20, Township 26 North, Range 5 West, Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, the NW/4 of said Section 20 to be dedicated to the well.

CASE 6196: Application of Sun Oil Company for an unorthodox gas well location and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 280-acre non-standard gas proration unit comprising the NE/4, W/2 NW/4 and the SE/4 NW/4 of Section 24, Township 20 South, Range 33 East, to be dedicated to applicant's Teas Federal Well No. 1, a wild-cat Pennsylvanian well to be drilled at an unorthodox location 2180 feet from the North and West lines of said Section 24.

OF THE STATE OF NEW MEXICO

CASE NO. 6192

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

- Township 20 South, Range 28 East, N.M.P.M.

and proposes to drill its Federal "DC" No. 1 Well at a point located 1,980 feet from the South line and 660 feet from the West line of said Section 29.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) 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 Wolfcamp and Pennsylvanian formations.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 29 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 1,980 feet from the South line and 660 feet from the West line of said Section 29 and to dedicate the S/2 of Section 29, which is reasonably presumed to be productive of gas from the Wolfcamp and Pennsylvanian formations.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson

LOSEE, CARSON & DICKERSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

LOSEE & CARSON, P.A.

300 AMERICAN HOME BUILDING

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508A. J. LOSEE
JOEL M. CARSON
CHAD DICKERSON

10 March 1978

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

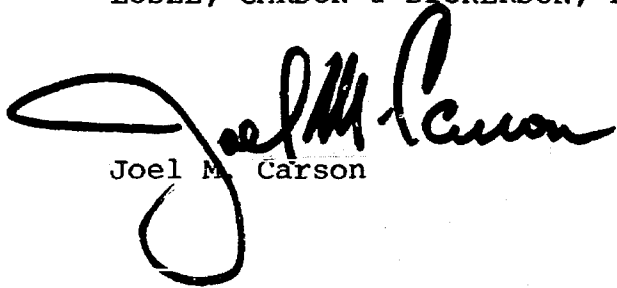
Dear Mr. Ramey:

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for an unorthodox gas well location for its Federal "DC" No. 1 Well in Eddy County, New Mexico.

We ask that this case be set for hearing before an examiner and that we be furnished with a copy of the docket for said hearing.

Yours truly,

LOSEE, CARSON & DICKERSON, P.A.


Joel M. CarsonJMC:bjm
Enclosures

cc w/enclosure: Mr. Jack W. McCaw

oil
BEFORE THE OIL CONSERVATION DIVISION
OF THE ENERGY AND MINERALS DEPARTMENT
OF THE STATE OF NEW MEXICO

71
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6192

Order No. R- 5697

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 5, 1978,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 1978, the Division Director,
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 Division 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 Federal "DC"
Well No. 1 to be located 1980 feet from the South line and 660 feet
from the West line of Section 29, Township 20 South, Range 28 East,
NMPM, to test the Morrison formation, Bureau Flat - mor
row gas Pool, Eddy County, New Mexico.

(3) That the S/2 of said Section 29 is to be dedicated to
the well.

(4) That a well at said unorthodox location will better results
from the re-entry of a previously drilled dry hole
enable applicant to produce the gas underlying the proration unit.

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

-2-

Case No. _____
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:

(1) That an unorthodox gas well location for the Morrow
for the Yates Petroleum Corporation Federal "DC" Well No. 1
formation is hereby approved ~~for~~ to be located at a point 1980
feet from the South line and 660 feet from the West
line of Section 29, Township 20 South, Range 28 East
NMPM, Burton Flat - Morrow Gas Pool, Eddy County,
New Mexico.

(2) That the S/2 of said Section 29 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 ^{Division}~~Commission~~ may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY, ~~Member & Director~~
Director