

CASE NO.

6324

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

December 13, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 6324
ORDER NO. R-5877

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

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. 6324
Order No. R-5877

APPLICATION OF YATES PETROLEUM
CORPORATION FOR DOWNHOLE COMMINGLING
OR POOL CREATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 8th day of December, 1978, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

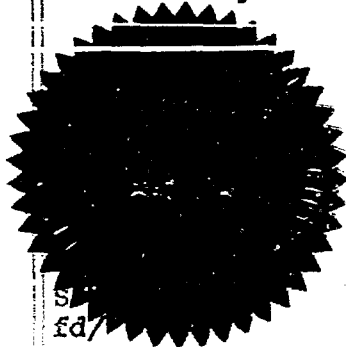
FINDS:

That the subject matter of this case having been previously disposed of in a separate Division hearing, Case No. 6324 should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 6324 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
13 September 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor-) CASE
ation for downhole commingling or pool) 6324
creation, Eddy County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Joel Carson, Esq.
LOSEE, CARSON & DICKERSON
Artesia, New Mexico 88201

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I N D E X

EDDIE MAHFOOD

Direct Examination by Mr. Carson 3

Cross Examination by Mr. Stamets 11

E X H I B I T S

Applicant Exhibit One, Plat 10

Applicant Exhibit Two, Logs 10

Applicant Exhibit Three, Curves 10

Applicant Exhibit Five, Document 12

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MR. STAMETS: Call next Case 6324.

MS. TESCHENDORF: Case 6324. Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, Carson, and Dickerson, P. A., Artesia, New Mexico, appearing on behalf of the Applicant, Yates Petroleum Corporation, and I have one witness, Mr. Eddie Mahfood, who needs to be sworn.

(Witness sworn.)

EDDIE MAHFOOD

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

DIRECT EXAMINATION

BY MR. CARSON:

Q Mr. Mahfood, by whom are you employed?

A Yates Petroleum, Artesia.

Q And in what capacity?

A I'm their Chief Engineer.

Q Have you previously testified before this Commission?

A Yes, I have.

Q And your qualifications have been accepted?

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1 A. Yes.

2 MR. CARSON: Mr. Examiner, so we kind of under-
3 stand what we're talking about here, I think that just be-
4 fore the break we had visited with you, and I think that
5 our testimony will be applicable to all of that area shown
6 on Applicant's Exhibit Number One, except for the Yates
7 Federal "HQ" in the south half of Section 5, which may turn
8 out to be a different problem.

9 MR. STAMETS: Okay.

10 Q (Mr. Carson continuing.) Mr. Mahfood, would
11 you please tell the Examiner what the purpose of this appli-
12 cation is?

13 A We would like to establish a new pool designated
14 as Box Canyon Permo-Penn.

15 Q And why is this application necessary?

16 A Some of these wells that we have completed in
17 this area designated in Exhibit One have been completed in
18 what has been termed Wolfcamp and Cisco by the New Mexico
19 Oil Commission, and therefore we would like to change the
20 existing field designation of Box Canyon Upper Penn to Box
21 Canyon Permo-Penn.

22 Q I'll refer you to Applicant's Exhibit Number
23 One and ask if that was prepared by you or under your super-
24 vision?

25 A Yes, it was prepared by me.

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1 Q Would you explain to the Examiner what that
2 shows? I suppose you might as well explain it in relation
3 to each one -- go well by well, if you don't mind.

4 A The area -- in this area I have all of the
5 Permo-Penn completions designated with a color of pink star.
6 Two of these wells are presently in the Box Canyon Upper
7 Penn Field, and the others are undesignated Cisco.

8 MR. STAMETS: What are the limits of that Box
9 Canyon pool?

10 A The -- I cannot, I don't know the answer. I'm
11 asking for limits that include the Wolfcamp and the Cisco
12 Canyon.

13 MR. STAMETS: Well, is there an existing pool
14 in this area?

15 A Yes, the Box Canyon-Upper Penn.

16 MR. STAMETS: What are the limits of that pool?

17 A I believe that's Cisco.

18 MR. STAMETS: Horizontal limits.

19 A Oh, horizontal limit. I think about one and
20 a half sections.

21 Okay, in the south half of Section 11; in the
22 south half of Section 12. Okay, that's -- I'm sorry.
23 That's -- those two are presently in the Upper Penn, but
24 then the north half of Section 7, that is presently desig-
25 nated as undesignated Cisco.

1 MR. STAMETS: Okay, you may go on.

2 Q (Mr. Carson continuing.) Now, Mr. Mahfood,
3 would you -- referring to Applicant's Exhibit Number Two,
4 explain first whether that was prepared by you and under
5 your supervision.

6 A Yes, it was prepared by me.

7 Q And would you explain that exhibit to the
8 Examiner?

9 A Exhibits 2-A, 2-B, and 2-C are logs of the nine
10 Perma-Penn completions that Yates Petroleum has in this
11 area.

12 On 2-A we have Brainerd IO No. 1, which is in
13 the north half of Section 1 of 22, 21. The Cities JH, which
14 is in the west half of Section 36 of 21, 21; and Harvey JI,
15 which is in the east half of -- no, in the south half of
16 Section 23 of 21, 21.

17 Exhibit 2-B is of the Huber IA No. 2, which
18 is in the south half of 15, 21, 21; Box Canyon No. 3, which
19 is in the south half of 14, 21, 21; and Box 4A, which is
20 in the north half of 23, 21, 21.

21 Exhibit 2-C is of the El Paso GS, which is in
22 the south half of 11, 21, 21; Box Canyon GJ No. 1, which is
23 in the east half of 13, 21, 21; and the Federal HQ, which
24 is in the south half of Section 5 of 22, 21.

25 These logs show the character of this carbonate

1 in which we have completed these wells in. Some of them
2 are Canyon, some are Cisco, and some are Wolfcamp, and some
3 of these wells have all three or two of the formations open
4 in the wellbore.

5 On the logs I have designated porosities with
6 an orange color and the perforations in a black rectangle.

7 Q Now, referring you to Applicant's Exhibit Number
8 Three, was that prepared by you or under your supervision?

9 A Under my supervision.

10 Q Would you explain that exhibit?

11 A Exhibit 3-A, 3-B, through 3-E are production
12 curves on the wells we have in production in this area.

13 3-A is a production curve of the Box Canyon GJ
14 No. 1, which originally completed in the Morrow and is
15 presently completed in the Wolfcamp and the Cisco. You'll
16 note the very poor performance of this well. And it's
17 presently producing about 16 Mcf per day from the Perma-
18 Penn.

19 3-B is a production curve on the Box Canyon HQ
20 No. 1, originally completed in the Atoka and plugged back
21 to Cisco. You'll note the poor completion both the Atoka
22 and the Perma-Penn and the Cisco. Presently this well is
23 making about 40 Mcf per day from the Cisco.

24 Exhibit 3-C, a production curve on the Box
25 Canyon 4A. This is an exceptionally good well. It's pro-

1 ducing in the neighborhood of 1.1 million a day -- no, in
2 the neighborhood of 2-1/2 million a day.

3 If you would look back at Exhibit 2-B, you'll
4 note it was -- had very low porosity in a range of three
5 to six percent.

6 Exhibit 3-D is a production history on the
7 Brainerd IO, presently producing about 100 Mcf per day.

8 And Exhibit 3-E is the El Paso GS. This well
9 has been a poor producer until recently it wore it out.

10 MR. STAMETS: Is this well now off production?

11 A. We're working in it, Mr. Examiner, and we hope
12 to get it back in production shortly.

13 Q Now, Mr. Mahfood, in your Exhibit Number One
14 you've shown the east half of Section 26 included in that
15 exhibit. Why did you include that in that as well?

16 A. We have a location staked there designated as
17 Cities JK Federal No. 1.

18 Q Is it your intention to drill at that location?

19 A. We think we will drill it depending on the
20 economics from the Cities JH, which is ready to go on the
21 line but we're awaiting the outcome of this hearing.

22 Q Now some of these -- there's a well or two in
23 here that hasn't -- that has never been put on production,
24 isn't there?

25 A. That is correct.

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1 Q Now, which ones are those?

2 A The Cities JH in the west half of 36, and the
3 Harvey JI in the south half of 23.

4 Q Now, Mr. Mahfood, referring you to the Yates
5 Federal HQ in Section 5, that -- that is a somewhat different
6 problem than these other wells, is it not?

7 A Well, presently it's completed in the Cisco
8 and we have Atoka perforations open below a bridge plug.

9 Q What do you propose to do with that?

10 A We'd like to -- both zones are making approxi-
11 mately 100 Mcf a day, and --

12 Q And what zones are those?

13 A In the Atoka and the Cisco, and we wanted to
14 put them together.

15 Q And that's the question that was brought up
16 whether that was covered in our publication, Mr. Examiner,
17 and I think it was your conclusion that it was not.

18 MR. STAMETS: The testimony today has been over
19 a much wider area than I think one would expect from the
20 application or the advertisement. We have -- the advertise-
21 ment seemed to be primarily concerned with Section 13 of 21
22 South, 21 East, and of course, these -- Exhibit Number One
23 runs clear from Section 5 of 21, 22, down to Section 1 of
24 22, 21, and I don't believe that the application is broad
25 enough to cover all of that area, and it's definitely my

1 opinion that it's not broad enough to cover the Atoka zone
2 in Section 5.

3 So I don't believe we can do anything for you
4 in that section.

5 MR. CARSON: As the Examiner knows from our
6 previous conversations, there is some thought that with the
7 existing application, if the Commission can see its way
8 clear to grant that application insofar as applied to the
9 creation of this pool simply by expansion of that pool to
10 all wells within a section of each other, it would cover
11 everything except that portion in Section 5, but I don't
12 think I have any further questions of this witness at this
13 time.

14 I would like to move the admission of these
15 exhibits.

16 MR. STAMETS: These exhibits will be admitted.
17 One complicating thing that I might point out at this time,
18 that we do have a Box Canyon-Cisco Pool that consists of
19 the south half of Section 11, east half of 14, and the north
20 half of 23 of Township 21 South, Range 21 East, and as this
21 was not advertised for the abolishment of that pool or for
22 the extension of the vertical limits of that pool, I'm not
23 sure that we can all at one time do everything that you
24 need. We'll have to look into that and see if perhaps we
25 could create a Perma-Penn Pool in the south half of Section

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1 13 and subsequently ask the District to abolish the Box
2 Canyon-Cisco and extend the -- whatever this new pool might
3 be to take all that acreage in.

4 We'll have to work that out administratively.

5 MR. CARSON: Thanks very much.

6
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Now, referring to Exhibit 2-A, B, and C, have
10 you marked the Perma-Penn Zone on there or do you have the,
11 say, Cisco top based on the cross sections that the Division
12 uses to determine Pennsylvanian limits in the area?

13 A I have not marked these tops. Our geologist
14 has had considerably difficulty picking the tops and in
15 some cases does not pick a Cisco top on their reports we
16 turn into the Oil Commission.

17 Q What evidence do you have that indeed we have
18 what's commonly called the Perma-Penn in here, the Wolfcamp
19 and Upper Pennsylvanian?

20 A I was advised by the District Supervisor that
21 some of the perforations which we turned in as Cisco were
22 not Cisco on the New Mexico Oil Commission definition but
23 Wolfcamp and Cisco, and this is true in the case of the --
24 I mean this refers to the Box Canyon J No. 1 and the Cities
25 JH No. 1, the Huber A No. 2, presently completed in the

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1 Canyon there, but we do have Cisco perforations opened.

2 Q Without the pick of the Cisco top on these logs
3 it's rather difficult for me to evaluate these completions.

4 MR. CARSON: Mr. Mahfood, don't you have an
5 exhibit that shows the approximate tops of these various
6 formations?

7 A I have an Exhibit Number Five showing the tops
8 as our geologist saw them.

9 MR. CARSON: Was that prepared by you or under
10 your supervision?

11 A Yes.

12 MR. CARSON: We'd like to move the admission
13 of that exhibit as well, Mr. Examiner.

14 MR. STAMETS: Exhibit Number Five will be ad-
15 mitted.

16 A You will note the wide variation in the tops.
17 Box Canyon No. 2 and Box Canyon No. 3 there is almost 500
18 feet difference in the geologist's pick. This illustrates
19 the confusion in picking the tops of that Canyon.

20 Q Now, Mr. Mahfood, if the Commission fails -- if
21 the Division fails to agree with you that there should be
22 a new pool created in this area, I presume you would still
23 like to have authority to downhole commingle the Box Canyon
24 GJ Well No. 1, downhole commingle the Wolfcamp and Cisco
25 formations?

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1 A Yes, sir.

2 Q Okay. If downhole commingling is required, how
3 would you propose to allocate the production of those two
4 zones?

5 A On the basis of porosity feet.

6 Q Do you have any tests of the zones?

7 A No, sir, they were all perforated at the same
8 time and completed at the same time.

9 Q Do you have any evidence to show that porosity
10 feet would be an appropriate way to measure production from
11 these zones?

12 A No, sir, except that the zones are so marginal
13 already, it just would not be economical to produce them
14 separate.

15 Q And that's your exhibit that shows the well's
16 currently making 16 Mcf per day?

17 A Yes, sir.

18 Q At that rate it really doesn't make too much
19 difference how we allocate it.

20 A No.

21 MR. CARSON: The last exhibit that I put up
22 there is not necessary, and --

23 MR. STAMETS: What you've marked Exhibit Number
24 Four?

25 MR. CARSON: Yes, Exhibit Number Four.

1 MR. STAMETS: The diagrammatic sketch?

2 MR. CARSON: But it was only applicable to the
3 well in Section 5, but we didn't discuss that and we didn't
4 move its admission.

5 MR. STAMETS: I see. Okay. We'll leave Exhibit
6 Four out and that way we won't be confused.

7 Any other questions of the witness? He may
8 be excused.

9 Anything -- anyone have anything else they wish
10 to add to this case?

11 We'll take the case under advisement.

12 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6324
heard by me on 8-13 1978
Richard L. Hammett, Examiner
Oil Conservation Division

State	U.S.	U.S.	U.S.	State	U.S.	U.S.
2	33 B.K. Pinos 5-1-88 23778 U.S.	20 21 El Paso Nat. 6-1-78 6004 U.S.	34 B.K. Pinos 5-1-88 23778 U.S.	35 B.K. Pinos 5-1-88 23778 U.S.	36 King Resources 5-20-79 1920 State	37 Inarco 8-1-79 7014 U.S.
11	11 El Paso Nat. 1-1-82 1922 U.S.	12 El Paso Nat. 6-1-78 6004 U.S.	13 El Paso Nat. 6-1-78 6004 U.S.	14 El Paso Nat. 6-1-78 6004 U.S.	15 Cities Service 9-1-80 2015 U.S.	16 Yates Fed. 5-20-79 32 State
5	4 R.K. Hillin King Res. 1-1-84 1922 U.S.	3 U.S.	2 State	1 U.S.	6 U.S.	7 Yates Fed. (Cities Service) HBP U.S.
15	El Paso Nat. 7-1-78 6702 U.S.	10 Stetco 69 Ltd. 1-1-79 8411 U.S.	Exxon 3-27-81 27451 U.S.	Cities Serv. 12-1-79 0452825 U.S.	Cities Serv. 12-1-79 0452825 U.S.	Cities Service 8-1-79 0452825 U.S.
8	9 El Paso Nat. 9-1-78 6702 U.S.	10 El Paso Nat. 4-1-79 9187 U.S.	(El Paso Nat.) Yates 8-1-78 6702 U.S.	Cities Serv. 8-1-78 6702 U.S.	Little Box Canyon Unit U.S.	Little Box Canyon Unit U.S.
17	16 Stetco 69 Ltd. 3-18-79 L-2635 U.S.	15 Yates Pct. (J.M. Huber Corp.) 1968 U.S.	Yates Pct. (Stetco & L.M.) 841 U.S.	Yates Pct. (Cities Serv.) 26825 U.S.	Yates Pct. (Cities Serv.) 26825 U.S.	Yates Pct. (Cities Serv.) 26825 U.S.
20	21 Pennzoil E. Wainoco 9-1-77 3047 U.S.	22 Texas O.G. 6-1-84 20325 U.S.	Yates Pct. King Res. 8-1-78 7797 U.S.	King Resources 4-1-79 9187 U.S.	Yates Pct. King Res. 8-1-78 7797 U.S.	Yates Pct. King Res. 8-1-78 7797 U.S.
29	28 Pennzoil E. Wainoco 9-1-77 3047 U.S.	27 Pennzoil 8-1-78 7031 U.S.	26 Pennzoil 8-1-78 7031 U.S.	25 Pennzoil 8-1-78 7031 U.S.	24 Pennzoil 10-1-79 10445 U.S.	23 Pennzoil 10-1-79 10445 U.S.
32	33 Pennzoil E. Wainoco 7-1-79 9795 U.S.	34 Pennzoil 10-1-79 10445 U.S.	35 Pennzoil 10-1-79 10445 U.S.	36 Pennzoil 10-1-79 10445 U.S.	37 Pennzoil 10-1-79 10445 U.S.	38 Pennzoil 10-1-79 10445 U.S.
5	4 Continental N.W. 5223 105833 U.S.	3 Continental N.W. 5223 105833 U.S.	2 Continental N.W. 5223 105833 U.S.	1 Continental N.W. 5223 105833 U.S.	6 Continental N.W. 5223 105833 U.S.	7 Continental N.W. 5223 105833 U.S.
8	9 King Resources 8-1-79 9189 U.S.	10 King Resources 8-1-79 9189 U.S.	11 King Resources 8-1-79 9189 U.S.	12 King Resources 8-1-79 9189 U.S.	13 King Resources 8-1-79 9189 U.S.	14 King Resources 8-1-79 9189 U.S.

Diagrammatic Sketch of Wellbore Completion - Federal H.O. No. 1

9901s 1980/w Sec 5-21s 22E Eddy Co

Elev. 4314 GR = 4329 KB

Spudded: 4-13-77

To Reached: 5-30-77

Completed: 6-16-77 in Atoka

PB & Re Camp 4-7-78 in Canyon-Cisco

San Andres Surface

Flow from Tubing

Casing Annulus full w/ Kcl Water.

15" hole to 30' GR

1st 13 3/8" csg (48") set @ 30' GR, emtd w/ 3 yds. ready mix, circulated.

12 1/4" hole to 1100' KB

8 7/8" 24" K-55 csg set @ 1100' KB, emtd w/ 775 sr, circulated.

Glorieta @ 11495

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO.

63246

Submitted by

YPR

Hearing Date

9-13-78

Wolfcamp @ 4684' KB

Cisco-Canyon Pay

IPF-550 mcfpd on 1/2" Ch. FIP-80"

Lower Canyon @ 6130' KB

Stim. @ 6758' KB

Atoka @ 7828' KB

ATOKA PAY

IPF-400 mcfpd on 1/2" Ch. FIP-80"

Morrow Clastics @ 8176' KB

Mississippi @ 8583' KB

Top of cement @ 5300 by Cement Band log.

2 1/2" 4.7" J-55 Tubing set on Guiberson UNI-V
Pkr @ 5989' KB

Perf 6020-6032, 20 0.34" holes
Tota w/ 1000g, 15% DS-30

Perf 6100-6110, 20 0.34" holes
Tota w/ 1000g, 15% DS-30

Retrievable Bridge Plug @ 7527'

Guiberson UNI-VI Pkr @ 7923', On-Off

Tool @ 7922' w/ Standing Valve

PF 7967-7978, 44 0.32" shots

Tota w/ 2000g, MSA+N

SE 8076-8090, 56 0.32" shots

Tota w/ 1000g, MSA

PF 7967-8090, 16000" 20/40 in 15000g. + CO₂

5 1/2" 15.5-17" K-55 csg set @ 8240' KB
emtd w/ 405 sr

TD = 8680, 7 7/8" hole

Formation Tops picked by Yates Geologist

	Wolfcamp	Cisco	Canyon	Strawn	Atoka	Morrow
Box Canyon GS#1	4546	-	6705	7244	7720	8137
#2	4618	5945	6719	7312	7722	8084
#3	4559	5478	6324	7162	7626	7980
#4A	4498	-	6498	7405	7550	8131
Federal HQ#1	4684	-	6315	6758	7828	8176
Brainard 10#1	4670	6049	6586	7462	8084	8516
Citizen JH State	4565	5907	6726	7272	7909	8234
Harner II Fed	4462	5818	6543	7083	7625	7897
El Paso GS Fed	4605	6013	6660	7078	7516	7904
Huber IA Fed #2	4284	6045	6305	7216	7295	7648

BEFORE EXAMINER STAMETS
OIL COMMISSION

6324

YPC

9-13-28

Dockets Nos. 31-78 and 32-78 are tentatively set for hearing on September 27 and October 11, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - SEPTEMBER 11, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6289: (Continued from August 23, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6146: (DE NOVO)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6328: Application of Maralo, Inc., for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Jalmat Yates Unit underlying the following described lands in Township 25 South, Range 36 East:

Section 12: SE/4
Section 13: NE/4

and the following described lands in Township 25 South, Range 37 East:

Section 18: NW/4 and N/2 SW/4

all in Lea County, New Mexico.

The unitized interval would be all formations or zones extending from the top of the Yates formation down to 100 feet below the base of the Queen formation in the Humble-Winters "A" Well No. 2 located in Unit C of Section 18, Township 25 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 6313: Application of Maralo, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Jalmat Yates Unit Area, Lea County, New Mexico, by the injection of water into various wells located in Township 25 South, Ranges 36 and 37 East.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1978

9 A.M. - OIL CONSERVATION DIVISION 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 October, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6314: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Overland Drilling & Exploration, Ltd., Ohio Casualty Insurance Company, and all other interested parties to appear and show cause why the Lowe State Well No. 1 located in Unit E of Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6315: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hugh L. Johnston, Sr., General Insurance Co. of America, and all other interested parties to appear and show cause why the Continental State Well No. 5 located in Unit C of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6316: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cortez Corporation, Aetna Casualty & Surety Company, and all other interested parties to appear and show cause why the Fair Well No. 1 located in Unit D of Section 24, Township 18 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6290: (Continued from August 16, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6307: (Continued from August 30, 1978, Examiner Hearing)

Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Abo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico. (This case will be dismissed.)

CASE 6317: Application of Harvey E. Yates Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 301.75-acre non-standard gas proration unit comprising the N/2 of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 18 to test the Morrow formation.

CASE 6318: Application of Coquina Oil Corporation for an increase in casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303-C-4 to increase the casinghead gas allowable for its Vivian Well No. 1, located in Unit F of Section 30, Township 22 South, Range 38 East, Lea County, New Mexico, the Drinkard and Granite Wash zones in said well being commingled pursuant to Order No. DHC-255 and subject to the GOR limit for the Wantz-Granite Wash Pool.

CASE 6319: Application of Zeico Petroleum Corporation for an unorthodox well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Com Well No. 1 located at an unorthodox location 1100 feet from the North line and 1575 feet from the East line of said section. Also to be considered will be the cost of recompleting 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 6320: Application of Texas Oil & Gas 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 Coquina Federal Com. Well No. 1 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 32, Township 18 South, Range 27 East, to test the Morrow formation, the W/2 of said Section 32 to be dedicated to the well.

CASE 6321: Application of Texas Oil & Gas 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 Shugart State Com. Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the W/2 of said Section 16 to be dedicated to the well.

CASE 6283: (Continued from August 2, 1978, Examiner Hearing)

Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6322: Application of Yates Petroleum Corporation for pool contraction, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-391 to contract the horizontal limits of the Empire-Pennsylvanian Gas Pool to the following:

All of Sections 28 and 29, Township 17 South, Range 28 East

In the alternative, applicant seeks to limit the special pool rules for said pool to the present horizontal limits of the pool.

CASE 6323: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 23, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to its Lucas Store JZ Well No. 1 located at an unorthodox location 1980 feet from the North line and 860 feet from the West line of said section. Also to be considered will be the cost of 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 6324: Application of Yates Petroleum Corporation for downhole commingling or pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Upper Penn gas production in the wellbore of its Box Canyon GJ Fed. Well No. 1 located in Unit J of Section 13, Township 21 South, Range 21 East, Eddy County, New Mexico. In the alternative, applicant seeks the creation of a new Permo-Penn gas pool for said well.

CASE 6325: Application of Amoco Production Company for unorthodox locations and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following South Hobbs Unit wells located in Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico:

Well No. 120 located 1272 feet from the North line and 1420 feet from the West line of Section 5;
Well No. 121 located 1450 feet from the North line and 150 feet from the West line of Section 4;
Well No. 123 located 2390 feet from the North line and 150 feet from the East line of Section 6;
Well No. 124 located 1925 feet from the South line and 2380 feet from the East line of Section 4;
Well No. 126 located 1295 feet from the South line and 1365 feet from the West line of Section 10;
Well No. 122 located 1726 feet from the North line and 167 feet from the East line of Section 4;
and Well No. 125 located 2016 feet from the North line and 763 feet from the West line of Section 3.

Applicant further seeks authority to directionally drill Wells Nos. 122 and 125 to bottomhole locations in the extreme southeast corners of Unit H of Section 4 and Unit E of Section 3, respectively.

CASE 6326: Application of Energy Reserves Group, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacara production in the wellbore of its Jicarilla 35 Well No. 3, located in Unit B of Section 2, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6327: Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. L. Isabell Well No. 5-Y located 340 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Santa Rosa formation, Lea County, New Mexico, the NE/4 of said Section 15 to be dedicated to the well.



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3558

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
R. W. HARPER
SEC. TREAS.

August 21, 1978

Case 6324

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

Attn: Mr. Dan Nutter

Re: Down Hole Commingling
Box Canyon Upper Penn

Dear Dan:

This letter is a follow up to our telephone conversation on Friday, August 18th. Attached hereto is a copy of our CNL-Density Log on Box Canyon GJ Federal #1, J-13-21s-21e and a copy of our mud (sample) log on Box Canyon No. 3, J-14-21s-21e, Eddy County. The logs show the carbonate buildup with scattered gas shown between 7000 and 5700'. The rock has numerous vertical fractures (a serious problem in drilling and completion operations), but probably a blessing for production.

We feel that this area should be re-designated Box Canyon - Permo Penn. The Box Canyon GJ #1 was already on the line when Mr. Bill Gressett learned that by NMOCC correlation, we had the Wolfcamp and Upper Penn commingled downhole. A pipeline connection exists for our Cities JH State No. 1, L-36-21s-21e.

Please set up a hearing for this downhole commingling and/or designation of the area as Box Canyon Permo Penn.

Yours very truly,

YATES PETROLEUM CORPORATION

WCC to Cinc

Eddie M. Mahfood
Engineer

EMM/ob

Application of ^{Sec 6} ~~State~~ ^{State} Petroleum
Corporation for downhole
commencing or pool creation,
Eddy County, New Mexico.

LTB 5-
6241
-N.M.

Applicant, in the above styled cause,
seek approval for the downhole
commencing of wellcamp and
lower Permian gas production in the
wellbore of its Box Canyon GT Fed
Well No 1 located in Unit 1 of Section 13,
Township 2nd South, Range 21 East, Eddy
County, New Mexico. In the alternative,
applicant seeks the creation of a
new ^{Permian-Permian} gas pool for said well.

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

CASE NO. 6324

Order No. R- 5877

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 13,
1978, at Santa Fe, New Mexico, before Examiner RLS.

NOW, on this _____ day of December, 1978, the Division
Director, having considered the record and the recommendations of
the Examiner, and being fully advised in the premises,

FINDS:

Case No. 6324 should be dismissed.
~~That the applicant's request for dismissal should be granted.~~

IT IS THEREFORE ORDERED:

That Case No. 6324 is hereby dismissed.

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

the subject matter of this case having been
previously disposed of in a separate
Division hearing,