

CASE 6618: HARVEY E. YATES COMPANY FOR
POOL CREATION AND SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.

CASE NO.

6618

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
1 October 1980

EXAMINER HEARING

IN THE MATTER OF:

Case 6618 being reopened pursuant to
the provisions of Order No. R-6103.

CASE
6618

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Robert H. Strand, Esq.
HEYCO
Roswell, New Mexico

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 435-7409

I N D E X

N. RAYMOND LAMB

Direct Examination by Mr. Strand 3

Cross Examination by Mr. Nutter 6

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501

Phone (505) 435-7409

1 MR. NUTTER: Call Case Number 6618.

2 MR. PADILLA: In the matter of Case 6618
3 being reopened pursuant to the provisions of Order No. R-6103,
4 which order created Travis -Yates Gas Pool in Eddy County,
5 New Mexico, with temporary special rules and regulations, in-
6 cluding the provision for 80-acre spacing units.

7 MR. STRAND: Mr. Examiner, Robert H.
8 Strand, attorney from Roswell, New Mexico, appearing on be-
9 half of Harvey E. Yates Company.

10 Harvey E. Yates Company was the original
11 applicant in this case, which culminated in an order No.
12 R-6103, creating the Travis-Yates Gas Pool, and providing for
13 temporary spacing rules of 80 acres.

14 We are appearing here today to request
15 that such spacing rules be continued.

16 MR. Examiner, I have one witness, Mr. Lamb,
17 who has previously been sworn and qualified. Is he still con-
18 sidered sworn and qualified?

19 MR. NUTTER: We will consider Mr. Lamb
20 still under oath and he's qualified.

21 N. RAYMOND LAMB
22 being called as a witness and having been previously sworn
23 upon his oath, testified as follows, to-wit:
24
25

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Phone (505) 455-7409

DIRECT EXAMINATION

BY MR. STRAND:

Q State your name for the record, please.

A N. Raymond Lamb, L-A-M-B.

Q Mr. Lamb, what is your occupation and address?

A I'm a consulting geological engineer and I'm from Artesia, New Mexico.

Q Mr. Lamb, have you been retained by Harvey E. Yates Company to present testimony in Case Number 6618?

A Yes.

MR. STRAND: Mr. Examiner, we have no additional exhibits other than what were presented at the original hearing in this case and we would request that those exhibits, and also the record of the previous hearing, be considered a part of the record of this hearing.

MR. NUTTER: I believe there were three exhibits introduced at the previous hearing in Case Number 6618. We will incorporate those exhibits and the transcript of the hearing in the transcript today.

Q Mr. Lamb, have you reviewed the exhibits and data which were presented at the original hearing in this matter?

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A. Yes.

Q And in examining additional data from the Depco Federal No. 1 Well, which is the discovery well in this pool, do you have an opinion as to what the spacing rules should be?

A Well, I see no reason to change the spacing rules from what was originally proposed, and see no reason why it shouldn't continue on 80-acre spaces.

Q Mr. Lamb, have there been any additional wells drilled in the pool other than the discovery well?

A No, no other wells.

Q What is the production rate from that well at the present time?

A Well, the present rate of production that I have is 37 Mcf of gas per day.

Q And has the production ranged from -- from approximately 70 Mcf down to 37 Mcf over the period of time the well has been on production?

A Yes.

Q Has there been any pressure test run on the well recently?

A The operator filed a report on June the 3rd, 1980, establishing the tubing pressure at 213 pounds shut-in 24 hours.

Q And that was on Form C-125?

1 A. Right.

2 Q. Mr. Lamb, what was the original estimated
3 reserves that this particular well would drain?

4 A. They were filed at 34,066 Mcf of gas re-
5 serves.

6 Q. And do you have a figure as to what has
7 been produced to date, any approximation?

8 A. I have projected the figure to date, based
9 on the records, and I find the figure to be an estimated
10 16,000,760 Mcf gas, or approximately half of the original
11 estimated reserves.

12 Q. Mr. Lamb, what was the original cost of
13 the discovery well, again, an approximate cost?

14 A. About \$60,000.

15 Q. And at the production rate that you're
16 talking about, will you estimate that payout of that well
17 would be a good deal in the future?

18 A. Yes, and doubtful.

19 MR. STRAND: Mr. Examiner, I don't believe
20 I have any more questions unless you have some.

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CROSS EXAMINATION

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BY MR. NUTTER:

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Q. Well, Mr. Lamb, do you know --- I haven't
26 reviewed this transcript of the previous hearing, but was the

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1 bottom hole pressure discussed here, or shut-in pressure?
2 Or do you have that knowledge as to what it was a year ago?

3 A. It's on the report that I have here at
4 301 pounds.

5 Q So in the interim of a year the well has
6 produced 16-million cubic feet of gas and declined from 300
7 and what?

8 A. 301.

9 Q Down to 213.

10 A. Yes.

11 Q Psi shut-in pressure.

12 A. Yes.

13 Q And you figured that about half of the
14 original reserves have been produced from the well.

15 A. What I said was the 16,000,760 equals
16 half of the calculated reserves as originally reported.

17 Q Right. Do you think those original re-
18 serves are correct?

19 A. Well, in view of the fact that since
20 November of 1979 the daily average production was 66 Mcf of
21 gas a day, and in May it was 37, so the productability has
22 dropped 50 percent in that length of time, so I would think
23 probably the ultimate recovery would be pretty close to the
24 figure that was originally proposed.

26 Q And you still just have the one well in

1 the pool.

2 A Yes.

3 Q Do you know whether the applicant is
4 proposing the drilling of any additional wells in this pool
5 at this time?

6 A None.

7 Q You don't know or --

8 A No more new wells, excuse me.

9 Q He doesn't propose to drill any more
10 wells.

11 MR. STRAND: Mr. Lamb, for the record,
12 is it your opinion that the retaining 80-acre spacing would
13 promote conservation, prevent waste, and be in the interest
14 of protecting correlative rights?

15 A Yes.

16 MR. NUTTER: Does anyone have any further
17 questions of Mr. Lamb? He may be excused.

18 Do you have anything further, Mr. Strand?

19 MR. STRAND: No, Mr. Examiner.

20 MR. NUTTER: Does anyone have anything
21 they wish to offer in Case Number 6618?

22 We'll take the case under advisement.

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24

(Hearing concluded.)

25

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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examiner hearing of Case No. 6618, heard by me on 10/1 1980.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
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(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

SALLY W. BOYD, C.S.R.
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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. 4418
heard by me on 10/1 1980.

[Signature] Examiner
Oil Conservation Division



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 23, 1980

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

Mr. Robert H. Strand, Attorney
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

Re: CASE NO. 6618
ORDER NO. R-6103-A

Applicant:

NCD (Harvey E. Yates Company)

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 OCD	X
Artesia OCD	X
Aztec OCD	

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. 6618
Order No. R-6103-A

IN THE MATTER OF CASE 6618 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-6103, WHICH ORDER
CREATED THE TRAVIS-YATES GAS POOL IN
EDDY COUNTY, NEW MEXICO, WITH
TEMPORARY SPECIAL RULES AND REGULATIONS
INCLUDING A PROVISION FOR 80-ACRE
SPACING UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of October, 1980, 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 by Order No. R-6103, dated September 10, 1979,
temporary special rules and regulations were promulgated for
the Travis-Yates Gas Pool, Eddy County, New Mexico, establish-
ing temporary 80-acre spacing units.
- (3) That pursuant to the provisions of Order No. R-6103,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the Travis-Yates Gas Pool
should not be developed on 160-acre spacing units.
- (4) That the evidence establishes that one well in the
Travis-Yates Gas Pool can efficiently and economically drain
and develop only 80 acres.

-2-

Case No. 6618
Order No. R-6103-A

(5) That the Special Rules and Regulations promulgated by Order No. R-6103 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-6103 should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED:

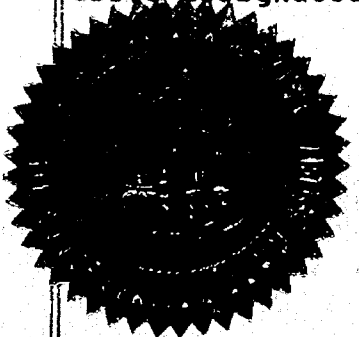
(1) That the Special Rules and Regulations governing the Travis-Yates Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-6103, are hereby continued in full force and effect until further order of the Division.

(2) 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
Director


S E A L

rd/

Docket No. 30-80

Dockets Nos. 31-80 and 32-80 are tentatively set for October 15 and 29, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 1, 1980

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

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

- CASE 7029: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its special rules and procedures for the designation of "tight formation", promulgated by Division Order No. R-6388, to comply with FERC Order No. 99, issued August 15, 1980, promulgating final regulations with respect to Section 107 of the NGPA.
- CASE 7030: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878, as amended. The proposed amendments relate to individual well filings for price category determination as "tight formation" gas under Section 107 of the NGPA.
- CASE 7031: Application of Coronado Exploration Corp. for a unit agreement, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Mesa Leon Unit Area, comprising 15,680 acres, more or less, of State, Federal, and fee lands in Township 6 North, Range 17 East.
- CASE 7007: (Continued from September 3, 1980, Examiner Hearing)
Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Morrow and Atoka production in the wellbore of its North Travis 12 Deep Well No. 1 located in Unit O of Section 12, Township 18 South, Range 28 East.
- CASE 7023: (Continued from September 17, 1980, Examiner Hearing)
Application of Shell Oil Company for pool creation and temporary special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Pennsylvanian oil pool for its Askew Well No. 1 located in Unit L of Section 2, Township 5 South, Range 33 East, and the promulgation of special pool rules therefor, including a provision for 80-acre spacing.
- CASE 7019: (Continued from September 17, 1980, Examiner Hearing)
Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 30, Township 23 South, Range 25 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7032: Application of Dalport Oil Corporation for an exception to Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located between Units L and M of Section 9, Township 15 South, Range 30 East.
- CASE 7033: Application of Adams Exploration Inc. for three non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of three 80-acre non-standard proration units in the Vada-Pennsylvanian Pool, comprising the following acreage: SE/4 NE/4 and NE/4 SE/4 of Section 12, N/2 NE/4 of Section 12, and S/2 SE/4 of Section 2, all in Township 9 South, Range 34 East.
- CASE 6940: (Continued from August 20, 1980, Examiner Hearing)
Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6996: (Continued from September 3, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7034: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its Atlantic Well No. 1 located in Unit O of Section 32, Township 26 North, Range 6 West.

CASE 7035: Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallegos-Gallup and Basin-Dakota production in the wellbore of its Delhi Taylor Well No. 1 located in Unit M of Section 4, Township 26 North, Range 11 West.

CASE 7036: Application of J. Gregory Merrion for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 34, Township 25 North, Range 6 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7037: Application of Mesa Petroleum Co. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Mesaverde production in the wellbore of its State Com AF Well No. 28 located in Unit I of Section 36, Township 29 North, Range 10 West.

CASE 7020: (Continued from September 3, 1980, Examiner Hearing)

Application of Mesa Petroleum Co. for pool creation, special pool rules and an oil discovery allowable, Rio Arriba and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup oil pool for its South Blanco Federal Well No. 1-6 located in Unit A of Section 6, Township 23 North, Range 7 West, and special rules therefor, including a provision for 80-acre spacing units. Applicant further seeks a discovery allowable for the aforesaid well.

CASE 6822: (Continued from September 17, 1980, Examiner Hearing)

In the matter of Case 6822 being reopened pursuant to the provisions of Order No. R-6293 which order created the West Double X-Wolfcamp Gas Pool as a retrograde gas condensate pool and set special production limitations therein. Operator(s) may appear and present evidence to establish the true nature of the reservoir and proper rates of withdrawal therefrom.

CASE 7038: Application of Natura Energy Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NE/4 of Section 6, Township 19 South, Range 39 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7039: Application of Red Mountain & Associates for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Chaco Wash-Mesaverde Oil Pool by the injection of water into the Chaco Wash Sand formation through eight wells at various orthodox and unorthodox locations in Section 28 of Township 20 North, Range 9 West.

CASE 7040: Application of Belco Petroleum Corporation for reclassification or a new gas pool and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Wilson Strawn Pool as a gas pool or, in the alternative, the creation of a new gas pool for its State 12 Well No. 1 located in Unit G of Section 12, Township 21 South, Range 34 East; applicant further seeks approval of a standard gas proration unit for said well comprising the E/2 of said Section 12, or in the alternative, a non-standard unit comprising the NE/4, N/2 SE/4 and SE/4 SE/4 of said Section 12.

CASE 6618: (Reopened and Readvertised)

In the matter of Case 6618 being reopened pursuant to the provisions of Order No. R-6103 which order created the Travis-Yates Gas Pool in Eddy County, New Mexico, with temporary special rules and regulations including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 160-acre spacing units.

CASE 6648: (Reopened and Readvertised)

In the matter of Case 6648 being reopened pursuant to the provisions of Order No. R-6124 which order promulgated temporary special rules and regulations for the North Caprock-Mississippian Pool in Lea County, New Mexico, including a provision for 160-acre spacing and a 4000 to one gas-oil ratio limitation. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing with a 2000 to one GOR.

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. 6618
Order No. R-6103

APPLICATION OF HARVEY E. YATES
COMPANY FOR POOL CREATION AND
SPECIAL POOL RULES, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 1979, 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, Harvey E. Yates Company, has recently completed its Depco Federal Well No. 1, located in Unit D of Section 19, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, as a gas well producing from the Yates formation, and seeks the creation of a new gas pool for Yates production therefor and the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

(3) That said Depco Federal Well No. 1 has discovered a new common source of supply which should be designated the Travis-Yates Gas Pool with vertical limits consisting of the Yates formation and horizontal limits including the W/2 NW/4 of said Section 19.

(4) That the evidence presently available indicates that Travis-Yates Gas Pool should be placed on 80-acre spacing, at least temporarily.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and

Case No. 6618
Order No. 6103

regulations providing for 80-acre spacing units should be promulgated for the Travis-Yates Gas Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in October, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the Travis-Yates Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Yates production, is hereby created and designated as the Travis-Yates Gas Pool, consisting of the following described area:

Township 18 South, Range 29 East, NMPM
Section 19: W/2 NW/4

(2) That temporary Special Rules and Regulations for the Travis-Yates Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
TRAVIS-YATES GAS POOL

RULE 1. Each well completed or recompleted in the Travis-Yates Gas Pool or in the Yates formation within one mile thereof, and not nearer to or within the limits of another designated Yates gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and

Case No. 6618
Order No. 6103

hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4: Each well shall be located not closer than 330 feet to the nearest side boundary of the dedicated tract nor closer than 660 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 5: The Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Travis-Yates Gas Pool or in the Yates formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before November 1, 1979.

(2) That, pursuant to Paragraph A. of Section 70-2-18 NMSA 1978, existing wells in the Travis-Yates Gas Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

-4-

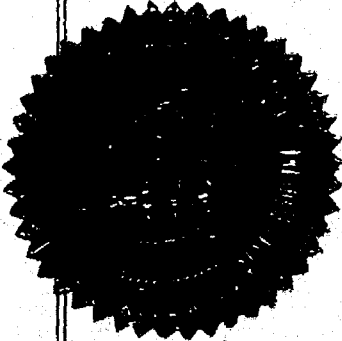
Case No. 6618
Order No. 6103

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this case shall be reopened at an examiner hearing in October, 1980 at which time the operators in the subject pool may appear and show cause why the Travis-Yates Gas Pool should not be developed on 160-acre spacing units.

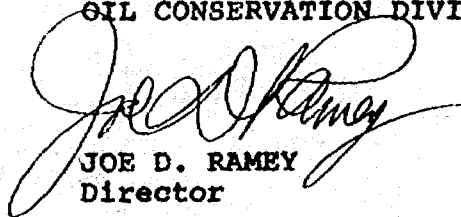
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

og/



September 12, 1979

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

Re: Mr. Robert H. Strand, Attorney
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

Re: CASE NO. 6618
 ney ORDER NO. R-6103

Applicant:

Harvey E. Yates Company

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 OCD	x
Artesia OCD	x
Aztec OCD	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
8 August 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Harvey E. Yates Com-
pany for pool creation and special
pool rules, Eddy County, New Mexico.

CASE
6618

Application of Harvey E. Yates Com-
pany for an unorthodox well loca-
tion and a non-standard proration
unit, Eddy County, New Mexico.

CASE
6619

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Robert H. Strand, Esq.
Roswell, New Mexico

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

I N D E X

PAUL G. WHITE

Direct Examination by Mr. Strand 3

Cross Examination by Mr. Stamets 9

E X H I B I T S

Applicant Exhibit One, Plat 6

Applicant Exhibit Two, Sketch 6

Applicant Exhibit Three, Estimate 7

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1 MR. STAMETS: We'll call Case 6618.

2 MR. STRAND: Mr. Examiner, could we com-
3 bine 6618 and 19? I think the testimony will be relative
4 to both.

5 MR. STAMETS: Let's call both of those
6 cases, Mr. Padilla, and if nobody objects, we will combine
7 those for purposes of testimony.

8 MR. PADILLA: Application of Harvey E.
9 Yates Company for pool creation and special pool rules,
10 Eddy County, New Mexico, and application of Harvey E. Yates
11 Company for an unorthodox well location and a non-standard
12 proration unit, Eddy County, New Mexico.

13 MR. STRAND: Mr. Examiner, my name is
14 Robert Strand. I'm from Roswell, and I represent the
15 applicant, Harvey E. Yates Company. We have one witness,
16 Mr. Paul White.

17
18 (Witness sworn.)
19

20 PAUL G. WHITE
21 being called as a witness and having been duly sworn upon
22 his oath, testified as follows, to-wit:
23

24 DIRECT EXAMINATION

25 BY MR. STRAND:

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CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

Page 4

1 Q State your name, please.

2 A Paul White.

3 Q Mr. White, what is your occupation?

4 A Consulting engineer.

5 Q Have you been employed by the Harvey E.
6 Yates Company, the applicant in these cases, for the pur-
7 poses of testifying at this hearing?

8 A Yes, sir, I have.

9 Q Have you testified before the Division in
10 the past?

11 A Yes, sir, I have.

12 Q Are your qualifications as an expert wit-
13 ness a matter of record before the Commission?

14 A Yes, sir, they are.

15 MR. STRAND: Mr. Examiner, are Mr. White's
16 qualifications satisfactory?

17 MR. STAMETS: Yes.

18 Q (Mr. Strand continuing.) Mr. White, what
19 is the purpose of the application in Case Number 6618 and
20 6619?

21 A The purpose of the application is to try
22 to get approval for the creation of a new gas pool, the
23 Yates Gas Pool, based on the drilling and completion of
24 the Depco Federal No. 1 Well, which is located in Unit D
25 of Section 19, Township 18 South, Range 29 East, Eddy

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County, with special pool rules including 80-acre gas well spacing.

The purpose of Case 6619 is for the approval of a 62.75-acre non-standard proration unit consisting of Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, and an unorthodox location for its Depco Federal No. 1 Well, which was drilled 330 feet from the north line and 660 feet from the west line of Section 19.

Q Mr. White, is the Depco Federal No. 1 Well operated by Harvey E. Yates Company?

A Yes, it is.

Q Was that well spudded and completed in the latter part of 1978?

A Yes, it was spudded on November 28th, 1978 and was completed and ready to produce December 12th, 1978.

Q Mr. White, what was the objective formation when this well was commenced?

A Well, the objective formation was the Seven Rivers oil zone.

Q And in going through the files of Harvey E. Yates Company would it be your opinion that this was basically an oil prospect?

A Yes, it was.

Q Was the well drilled to the Seven Rivers formation?

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1 A. Yes.

2 Q. And was it subsequently plugged back to the
3 Yates Formation and completed as a gas well?

4 A. Yes, that is correct.

5 Q. Mr. White, I refer you to Exhibit Number
6 One. Would you please describe that exhibit?

7 A. Exhibit Number One is a plat, an ownership
8 plat, showing the location of the Depco Federal No. 1 Well
9 and the outline of the 62.75 acreage dedication.

10 Q. To your knowledge are there any other gas
11 wells producing from the Yates formation in the vicinity
12 of the Depco Federal No. 1 Well?

13 A. No, sir, not to my knowledge.

14 Q. In preparing for this hearing have you
15 analyzed available reservoir data relating to the reserves
16 and drainage from the Yates formation in this area?

17 A. Yes, sir, I have.

18 Q. With reference to Exhibit Number Two, would
19 you discuss this exhibit, please?

20 A. Exhibit Number Two is very simply a well
21 diagrammatic sketch of the Depco Federal No. 1. It shows
22 the cement tops, which on the 8-5/8ths at 323 feet cement
23 was circulated; on the 4-1/2 inch casing the cement top
24 was 50 feet from surface. And it shows the tubing set in
25 the well at 960 feet and the perforated interval for the

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Page 7

1 Yates gas pay.

2 Q Mr. White, with reference to Exhibit Number
3 Three, would you please describe this exhibit?

4 A Okay. Exhibit Number Three is a gas re-
5 serve estimate I made based on the -- and calculated on the
6 following data: The acres of drainage, 80 acres; net pay
7 thickness, 5 feet; average porosity effective, 12 Percent;
8 and formation temperature, 84 degrees Fahrenheit; the form-
9 ation pressure, bottom hole, 301 pounds per square inch
10 gauge; the specific gravity of gas, .792; critical pressure,
11 588 psi, absolute; and critical temperature, 295 degrees.

12 I calculated a formation abandonment
13 pressure, 50 psig. The reserves which I calculated came to
14 34,066 Mcf recoverable.

15 Q Mr. White, is that figure for the reser-
16 voir, as such?

17 A Yes, that's correct.

18 Q Mr. White, have you reached an opinion
19 as to the size of spacing unit which would most effectively
20 drain this reservoir?

21 A The drainage density, in my opinion, the
22 most favorable drainage density on the wells would be an
23 80-acre spacing. The low rate of deliverability from the
24 wells would prohibit drilling the wells on 160-acre unit.
25 Your cash flow from the wells and your payout would be much

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1 more attractive and the economics would be more attractive
2 on the 80-acre spacing, and the drainage would be much more
3 effective from this low bottom hole pressure range.

4 Q Mr. White, we're asking for special pool
5 rules for this particular pool, including the 80-acre
6 spacing. Do you have any recommendation on spacing of wells
7 within that spacing unit?

8 A Well, the only recommendations that I
9 would like the Commission to consider would be, of course,
10 the 80-acre spacing unit, and to consider a spacing of no
11 more than 660 feet from the short lease line and 330 feet
12 from the long lease line.

13 Q Mr. White, with regard to the portion of
14 the application for unorthodox location and non-standard
15 proration unit, were these necessitated by the irregular
16 lot size and the fact that we initially were planning this
17 to be an oil well that would have statewide spacing of 40
18 acres?

19 A Yes. This alone more than any other
20 reason prompted the request for 80-acre spacing because it
21 was drilled originally as a Seven Rivers oil prospect and
22 turned out to be a Yates gas well.

23 Q In your opinion will approval of the ap-
24 plication in Cases 6618 and 6619 afford the applicant and
25 all other interest owners the opportunity to produce their

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1 fair and equitable share of gas?

2 A Yes, in my opinion that's correct.

3 Q Will it further prevent waste and protect
4 correlative rights?

5 A Yes.

6 MR, STRAND: That's all I have, Mr.
7 Examiner.

8
9 CROSS EXAMINATION

10 BY MR. STAMETS:

11 Q Okay, Mr. White, I want to review the
12 standard location again. Now, what you're proposing is that
13 the well be at least 660 feet from the end line and then
14 330 feet from the side line of the tract.

15 A Yes, sir, that's right.

16 Q Do you feel like that would provide suffi-
17 cient flexibility in the pool so we won't burden ourselves
18 and the operators with unnecessary unorthodox locations?

19 A Yes, that's correct, in my opinion.

20 Q 34,000 Mcf is not a great deal of reserves
21 even at today's gas prices. What do these wells cost out
22 there?

23 A I have not calculated the cost on the
24 wells, but I would say \$36,000.

25 Q You could certainly make a profit at that.

1 MR. STAMETS: Any questions of the witness?

2 He may be excused.

3 Anything further in this case?

4 MR. STRAND: No, Mr. Examiner.

5 MR. STAMETS: One thing before you leave.

6 Have you proposed a name for this particular pool?

7 MR. STRAND: Yes. I believe the Travis

8 Yates Gas Pool. I believe it's in the application.

9 MR. STAMETS: Okay, yes. Very good.

10 The witness may be excused. The case will
11 be taken under advisement.

12

13

14

(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY W. 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 the said transcript is a full, true, and cor-
 rect record of the hearing, prepared by me to the best of
 my ability, from my notes taken at the time of the hearing.

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

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6618, & 6619
 heard by me on 8-8 1979.
Richard L. Stam, Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
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 Santa Fe, New Mexico 87501

Docket No. 29-79

Dockets Nos. 32-79 and 33-79 are tentatively set for hearing on August 22 and September 5, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 7, 1979

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

CASE 6590: (Continued from July 25, 1979, Examiner Hearing)

Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6612: Application of Gulf Oil Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9 thru 16 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6555: (DE NOVO)

Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

Upon application of Texas Oil & Gas Corp. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6596: (Continued from July 24, 1979, Commission 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 Upper Pennsylvanian gas pool to be designated as the Southeast Indian Basin-Upper Pennsylvanian Gas Pool for its Southeast Indian Basin Well No. 1 located in Unit A of Section 23, Township 22 South, Range 23 East, and special pool rules therefor including 320-acre gas well spacing.

CASE 6597: (Continued from July 24, 1979, Commission Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Indian Basin Well No. 2, an Upper Pennsylvanian well to be drilled 660 feet from the North and West lines of Section 24, Township 22 South, Range 23 East, with the N/2 or all of said Section 24 to be dedicated to the well, depending on the outcome of Case No. 6596.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 8, 1979

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:

- CASE 6613: Application of Grace Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Smith Ranch Unit Area, comprising 1,600 acres, more or less, of State and federal lands in Township 20 South, Range 33 East.
- CASE 6602: (Continued from July 25, 1979, Examiner Hearing)
Application of Tenneco Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 33 C No. 2 Well 1010 feet from the North line and 1710 feet from the West line of Section 33, Township 17 South, Range 29 East, South Empire-Wolfcamp Pool, the E/2 NW/4 of said Section 33 to be dedicated to the well.
- CASE 6611: (Continued from July 25, 1979, Examiner Hearing)
Application of Cabot Corp. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water in the Devonian formation through the perforated interval from 12,156 feet to 12,574 feet in its Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, King Field.
- CASE 6614: Application of Texaco Inc. for the amendment of Order No. R-4442, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4442 to remove the top unit allowable restriction from producing wells in the Vacuum Grayburg San Andres Unit which are offset by "lease line" injection wells.
- CASE 6615: Application of Southland Royalty Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kutz-Gallup and Basin-Dakota production in the wellbore of its Frontier "E" Well No. 1 located in Unit O of Section 4, Township 27 North, Range 11 West.
- CASE 6616: Application of Watson Treating Plant for an oil treating plant permit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East.
- CASE 6617: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Otero-Gallup production in the wellbore of its Jicarilla 67 Well No. 10 located in Unit M of Section 30, Township 25 North, Range 5 West.
- CASE 6618: 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 Yates gas pool for its DEPCO Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, and special rules therefor, including 80-acre gas well spacing.
- CASE 6619: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard Yates gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, to be dedicated to its DEPCO Federal Well No. 1 drilled 330 feet from the North line and 660 feet from the West line of said Section 19.
- CASE 6620: Application of Harvey E. Yates Company for an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Austin Monteith Well No. 1 located in Unit K of Section 8, Township 14 South, Range 36 East.
- CASE 6621: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the S/2 of Section 4, Township 18 South, Range 29 East, 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. (This case will be dismissed.)

CASE 6601: (Continued from July 25, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 8, Township 14 South, Range 36 East, 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 6622: Application of Adams Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 15, Township 24 South, Range 28 East, 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 6623: Application of Penroc Oil Corporation for approval of infill drilling and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the recompletion in the Morrow formation of its Dero "A" Federal Well No. 1 located in Unit N of Section 35, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6624: Application of Belco Petroleum Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a well to be located in Unit K of Section 31, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6625: Application of Newbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be located 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, the E/2 of said Section 30 to be dedicated to the well.

CASE 6603: (Continued from July 25, 1979, Examiner Hearing)

Application of Conoco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly and Eumont production in the wellbore of its Hawk B-1 Well No. 12 located in Unit O of Section 8, Township 21 South, Range 37 East.

CASE 6587: (Continued and Readvertised)

Application of Caribou Four Corners, Inc., for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Kirtland Well No. 4 located 1450 feet from the North line and 595 feet from the West line of Section 18, Township 29 North, Range 14 West.

Docket No. 31-79

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 15, 1979

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 September, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

R 29 E



Proposed Proration Unit
DEPCO Federal #1

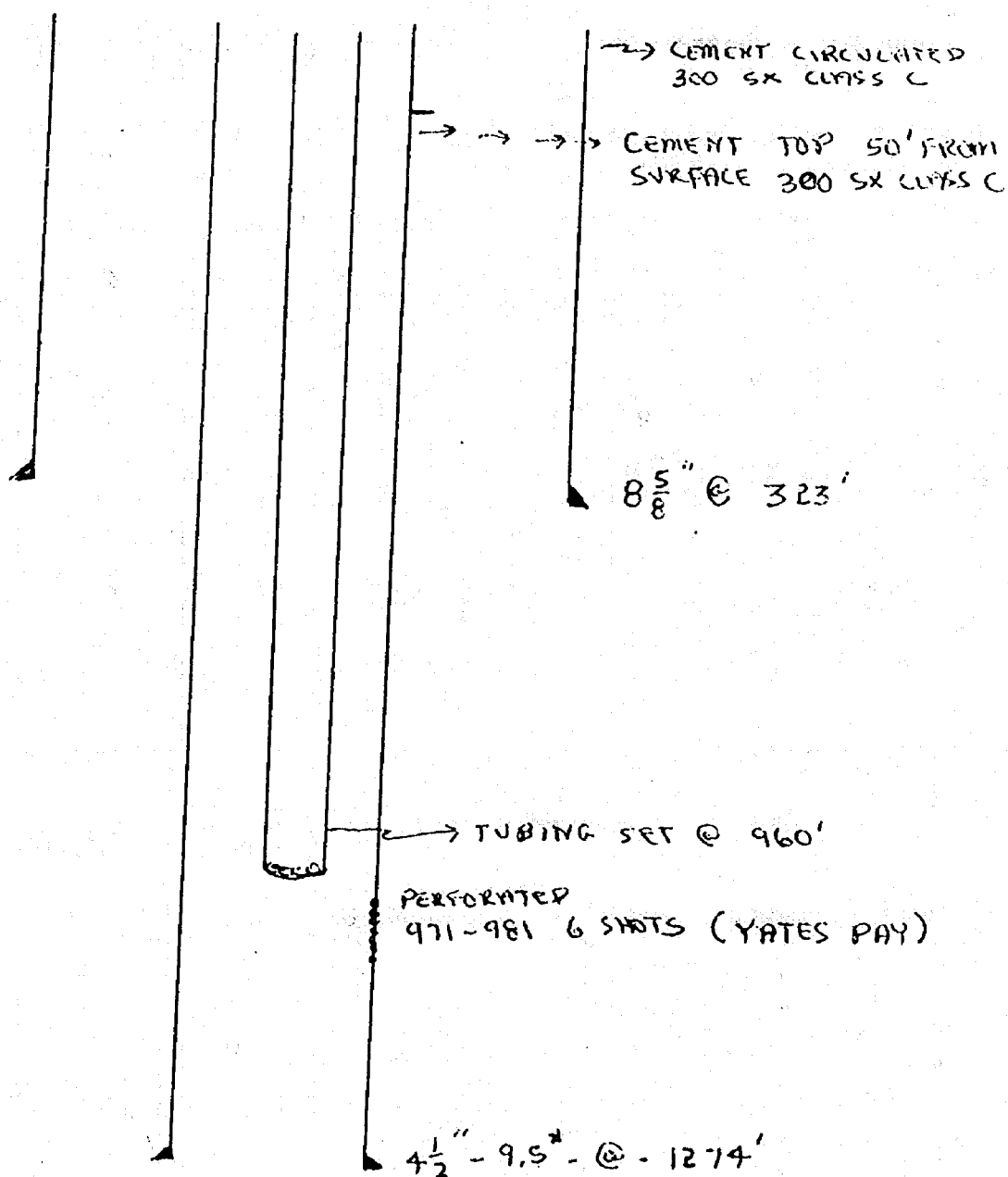
BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
FILE NO. 1
CASE NO. 6618 & 6619
Submitting Applicant
Hearing Date 8/8/79

HARVEY E. YATES

DEPCO FEDERAL NO. 1

330' FNL and 660' FWL SECTION 19
TOWNSHIP 18 SOUTH, RANGE 29 EAST
EDDY COUNTY, NEW MEXICO
ELEVATION 3538' GROUND

DIAGRAMMATIC WELL SKETCH



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 6618-6619

Submitted by Applicant

Hearing Date 8-8-79

HARVEY E. YATES

DEPCO FEDERAL NO. 1

330' FNL and 660' FWL SECTION 19
TOWNSHIP 18 SOUTH, RANGE 29 EAST
EDDY COUNTY, NEW MEXICO
ELEVATION 3538' GROUND

GAS RESERVES

Gas Reserves were calculated on the following well, using the following data:

1. Acres of drainage - 80
2. Net pay thickness - 5'
3. Porosity (Average) - 12%
4. Formation temperature - 84°F
5. Formation pressure - 301 psig
6. Specific gravity of gas - .792
7. Critical pressure - 588 psia
8. Critical temperature - 295°
9. Abandonment formation pressure - 50 psig
10. Water saturation - 18%

*Reserves were calculated as 34,066 MCF recoverable gross gas.

*This low order of reserves from the shallow formations is recoverable at an economic rate only on greater density than 160 acres..

*The 80 acre density would provide more economic recovery of reserves and also would recover reserves which would be lost on a 160 acre pattern.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 3

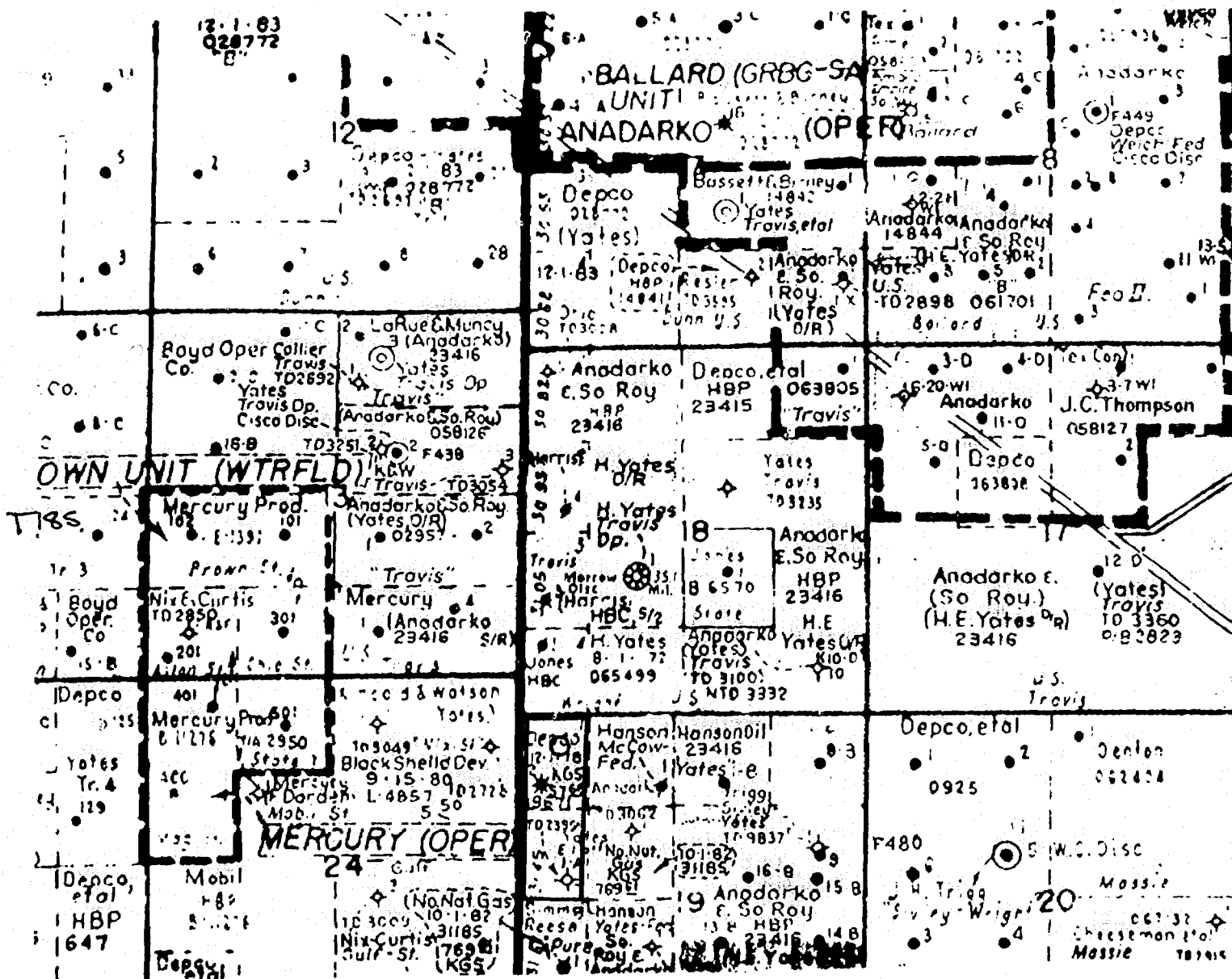
CASE NO. 6618 - 6619

Submitted by Aggeli cont

Hearing Date 8-8-79

R 28 E

R 29 E



○ DEPCO Federal #1
330' FNL & 660' FWL
Section 19, Township 18 South, Range 29 East

— Proposed Proration Unit
DEPCO Federal #1

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

CASE NO. 6618 & 6619

Submitted by Applicant

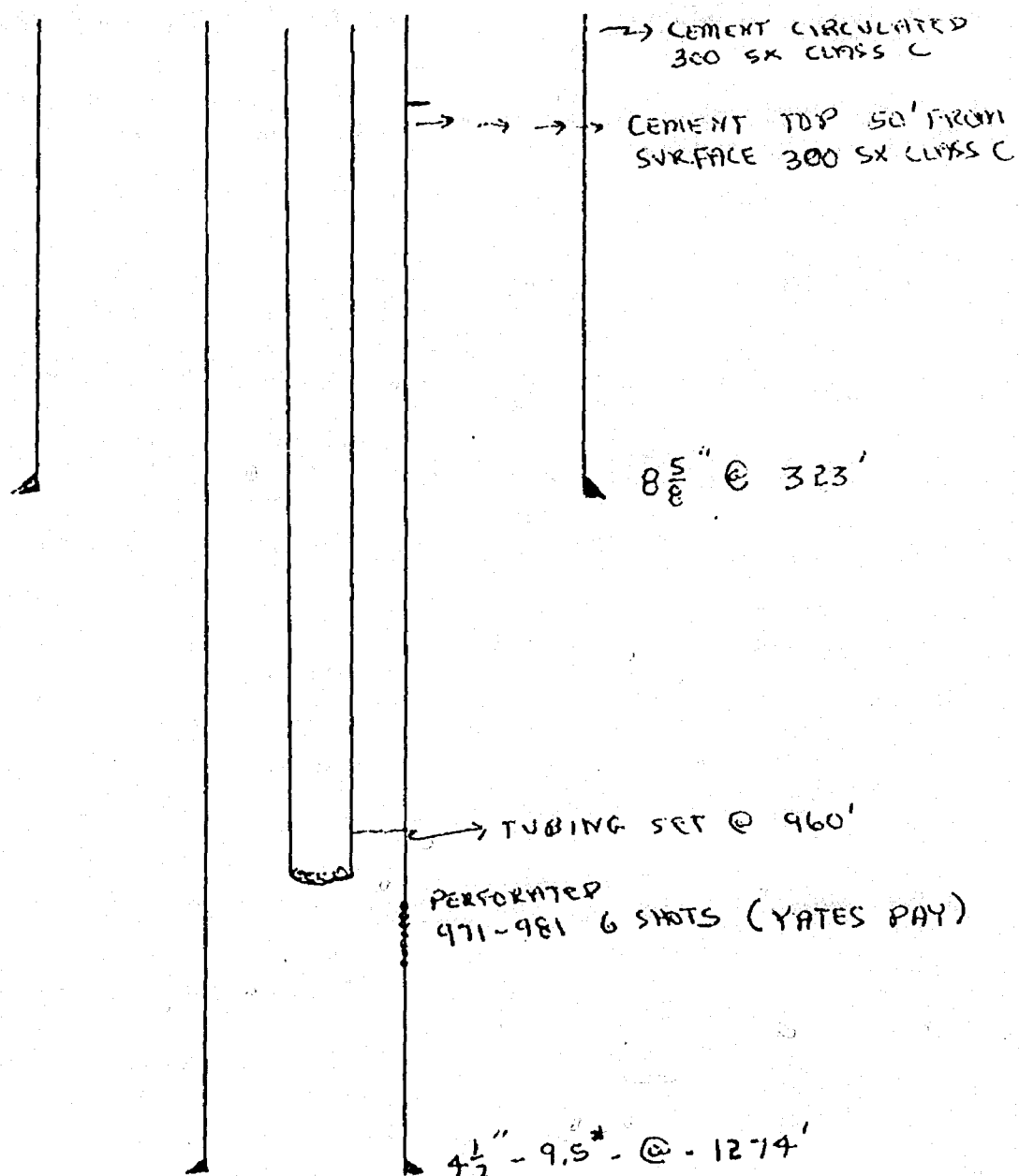
Hearing Date 8/8/29

HARVEY E. YATES

DEPCO FEDERAL NO. 1

330' FNL and 660' FWL SECTION 19
TOWNSHIP 18 SOUTH, RANGE 29 EAST
EDDY COUNTY, NEW MEXICO
ELEVATION 3538' GROUND

DIAGRAMMATIC WELL SKETCH



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 6618-6619

Submitted by Applicant

Hearing Date 8-8-79

HARVEY E. YATES

DEPCO FEDERAL NO. 1

330' FNL and 660' FWL SECTION 19
TOWNSHIP 18 SOUTH, RANGE 29 EAST
EDDY COUNTY, NEW MEXICO
ELEVATION 3538' GROUND

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8. Critical temperature - 295°
9. Abandonment formation pressure - 50 psig
10. Water saturation - 18%

*Reserves were calculated as 34,066 MCF recoverable gross gas.

*This low order of reserves from the shallow formations is recoverable at an economic rate only on greater density than 160 acres.

*The 80 acre density would provide more economic recovery of reserves and also would recover reserves which would be lost on a 160 acre pattern.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>3</u>
CASE NO. <u>6618-6619</u>
Submitted by <u>Applicant</u>
Hearing Date <u>8-8-79</u>

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING

505/623-6601

ROSWELL, NEW MEXICO 88201

August 3, 1979

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Dick Stamets

Re: Case #6618

Dear Dick:

Enclosed are three copies of Form C-123 for filing in the above referenced case. We neglected to include these with our application sent to your previously.

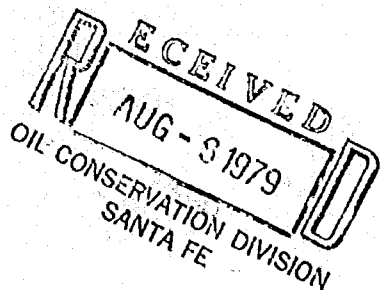
Sincerely,

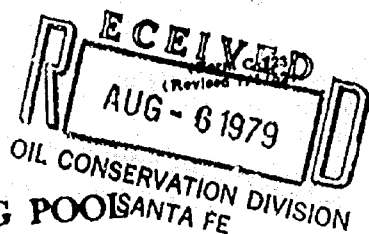
A handwritten signature in dark ink, appearing to read "Robert H. Strand".

Robert H. Strand

RHS/lh
Enclosures

CC: Wm. Gressett





REQUEST FOR THE EXTENSION OF AN EXISTING POOL

OR

THE CREATION OF A NEW POOL

Date August 3, 1979

TO: The Oil Conservation Commission
State of New Mexico

The HARVEY E. YATES COMPANY
Name of Operator Depco Federal
Name of Lease
1 Located 330 feet from the North line and 660 feet
Well No.
from the West line of 19 Section 18 South Township 29 East Range

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the
pool be extended to include the following described area

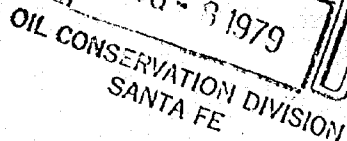
or that a new pool be created to include the following described area Township 18 South, Range 29 East
Section 19: Lots 1 & 2 (W/2 NW/4)

Suggested name: Travis Yates Gas Pool

HARVEY E. YATES COMPANY
Operator

Name of Producing Formation

Yates



Paul H. [Signature]
Representative

REQUEST FOR THE EXTENSION OF AN EXISTING POOL

OR

THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission
State of New Mexico

Date August 3, 19 79

The HARVEY E. YATES COMPANY Depco Federal
Name of Operator Name of Lease

1 Located 330 feet from the North line and 660 feet
Well No.

from the West line of 19 18 South 29 East
Section Township Range

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the.....

pool be extended to include the following described area.....

or that a new pool be created to include the following described area Township 18 South, Range 29 East
Section 19: Lots 1 & 2 (W/2 NW/4)

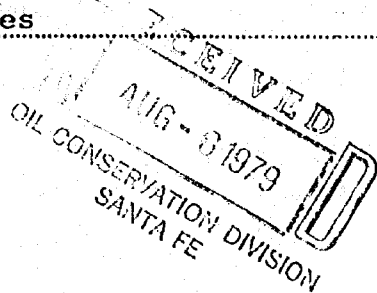
Suggested name: Travis Yates Gas Pool

HARVEY E. YATES COMPANY
Operator

Name of Producing Formation:.....

Yates

Representative



REQUEST FOR THE EXTENSION OF AN EXISTING POOL
OR
THE CREATION OF A NEW POOL

Date August 3, 19 79

TO: The Oil Conservation Commission
State of New Mexico

The HARVEY E. YATES COMPANY Depco Federal
Name of Operator Name of Lease
1 Located 330 feet from the North line and 660 feet
Well No. West line of 19 18 South 29 East
from the Township Range
Section

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the
pool be extended to include the following described area

or that a new pool be created to include the following described area Township 18 South, Range 29 East
Section 19: Lots 1 & 2 (W/2 NW/4)

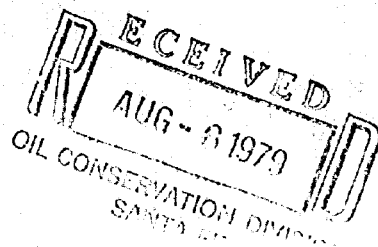
Suggested name: Travis Yates Gas Pool

HARVEY E. YATES COMPANY
Operator

Name of Producing Formation:

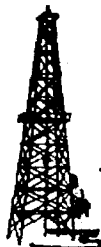
Yates

Calvin H. Hines
Representative



HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING

505/823-6601

ROSWELL, NEW MEXICO 88201

June 12, 1979

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Ernie Padilla

Re: DEPCO Federal #1
Lots 1 & 2 Section 19
T-18S, R-29E
Eddy County, New Mexico

Dear Ernie:

Enclosed please find an original and two copies of an application for pool creation, special pool rules, non-standard proration unit and non-standard location. I would appreciate having these matters set for hearing on the July 25, 1979 Docket. Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert H. Strand".

Robert H. Strand

RHS/lh

Enclosures

Change to Aug 8

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. ~~6021~~ 6618
Order No. ~~6021~~ 6103
NOMENCLATURE

Harvey E. Yates Company
APPLICATION OF ~~ENERCH EXPLORATION, INC.~~
FOR POOL CREATION AND SPECIAL POOL RULES,
~~ROOSEVELT~~ COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on ~~October 25,~~ ^{August 5,} 1978, at Santa Fe, New Mexico, before Examiner ~~Daniel S. Nutter.~~ ^{RHS}

NOW, on this 14th day of ~~November,~~ 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, *Harvey E. Yates Company* ~~Enserch Exploration, Inc.~~, has recently completed its ~~DEPCO Field~~ Well No. 1, located in Unit D of Section 19, Township 18 South, Range 29 East, NMPM, ~~Eddy County~~ ^{Eddy County}, New Mexico, as a gas well producing from the ~~Yates~~ ^{Yates} formation, and seeks the creation of a new gas pool for ~~Yates~~ production therefor and the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

(3) That said ~~DEPCO Field~~ Well No. 1

has discovered a new common source of supply which should be designated The Travis - Yates Gas Pool with vertical limit consisting of the Yates formation and horizontal limits including the W/2 NW/4 of Section 19.

-2-

Case No. 6357
Order No. R-5853

common source of supply that the aforesaid Goldston A Well No. 2 produced from prior to its abandonment, and that the South Peterson-Pennsylvanian Pool should be extended to include said Lambirth Well No. 4 rather than create a new pool therefor.

(4) That the evidence presently available indicates that said Travis-Yates Gas Pool should be placed on 80-acre spacing, at least temporarily.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Travis-Yates Gas Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in October, 1980, at which time the operators in the subject pool should be prepared to appear and show cause why the Travis-Yates Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Yates production, is hereby created and designated as the Travis-Yates Gas Pool, consisting of the following described area:

Township 18 South, Range 29 East, N.M.P.M.
Section 19: W/2 NW/4

(2) That temporary Special Rules and Regulations for the Travis Yates Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE

Travis Yates Gas POOL

RULE 1. Each well completed or recompleted in the Travis Yates Gas Pool or in the Yates formation within one mile thereof, and not nearer to or within the limits of another designated Yates gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

See under
Rule 4. Each well shall be located not closer than 330 feet to the nearest side boundary of the dedicated tract nor closer than ⁶⁶⁰~~1980~~ feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

... days after the Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre depth bracket allowable up to 267 barrels of oil per day, subject to the market demand percentage factor, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Travis - Yates Gas Pool or in the Yates formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Alameda District Office of the Division in writing of the name and location of the well on or before November 1, 1979.

2.
check
no
(2) That, pursuant to Paragraph A. of Section 70-2-18 NMSA 1978, existing wells in the Travis - Yates Gas Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. ~~Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Peterson-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.~~

(3) That this case shall be reopened at an examiner hearing in October, 1980 at which time the operators in the subject pool may appear and show cause why the Travis - Yates Gas Pool should not be developed on 160 acre spacing units.

(4) 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

HEYCO

PETROLEUM PRODUCERS



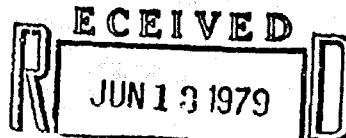
HARVEY E. YATES COMPANY
SANTA FE

P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING

505/623-6601

ROSWELL, NEW MEXICO 88201



June 12, 1979

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Ernie Padilla

Re: DEPCO Federal #1
Lots 1 & 2 Section 19
T-18S, R-29E
Eddy County, New Mexico

Dear Ernie:

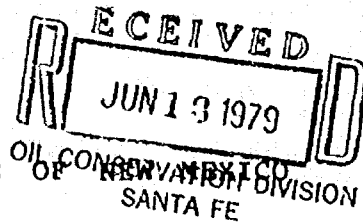
Enclosed please find an original and two copies of an application for pool creation, special pool rules, non-standard proration unit and non-standard location. I would appreciate having these matters set for hearing on the July 25, 1979 Docket. Thank you.

Sincerely,

Robert H. Strand

RHS/lh

Enclosures



BEFORE THE OIL CONSERVATION DIVISION - STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION)
OF HARVEY E. YATES COMPANY)
FOR CREATION OF A NEW POOL,)
SPECIAL POOL RULES, A NON-)
STANDARD GAS WELL LOCATION)
AND NON-STANDARD PRORATION)
UNIT, EDDY COUNTY, NEW MEXICO)

Case 6618

APPLICATION

Comes now Harvey E. Yates Company by its Attorney and respectfully states:

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

Township 18 South, Range 29 East, N.M.P.M.

Section 19: Lots 1 and 2 (W/2 NW/4)

Containing 62.75 acres more or less.

2. Applicant has drilled and completed its DEPCO Federal #1 well in Unit D, Section 19, Township 18 South, Range 29 East at a location 330' FNL and 660' FWL of said Section 19, as a gas producer from the Yates formation. Based on the above described discovery well.
3. Applicant seeks the creation of a new pool to be classified as a gas pool for Yates production and designated as the Travis-Yates gas pool, said pool to comprise:

Township 18 South, Range 29 East

Section 19: Lots 1 and 2

4. Applicant further seeks promulgation of special pool rules under said pool providing that said pool be developed and operated under 80 acre spacing and well location requirements.
5. If Applicant's requests for creation of a new pool, and special pool rules as set out above are granted, Applicant further seeks;

- (1) Dedication of a Non-standard 62.75 acre gas proration unit comprising the above described lands to said well.

- (2) An exception to the well location requirements under such special pool rules to cover said well.

6. 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 an excessive number of wells, and will otherwise prevent waste and protect correlative rights,

Wherefore Applicant requests:

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 Division enter its order:

- (1) Creating a new pool classified as a gas pool for Yates production designated as the Travis-Yates gas pool.
- (2) Promulgating special pool rules providing that said pool be developed and operated under 80 acre spacing and well location requirements.
- (3) Dedication of a non-standard 62.75 acre gas comprising the Lots 1 and 2 of Section 19, Township 18 South, Range 29 East to the above described well.
- (4) Granting an exception to the well location requirements to cover said well drilled at the above described location.

C. For such further relief as the Division deems just and proper.

Harvey E. Yates Company

By: 

Robert H. Strand

Attorney for Applicant



BEFORE THE OIL CONSERVATION DIVISION, STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
SANTA FE

IN THE MATTER OF APPLICATION)
OF HARVEY E. YATES COMPANY)
FOR CREATION OF A NEW POOL,)
SPECIAL POOL RULES, A NON-)
STANDARD GAS WELL LOCATION)
AND NON-STANDARD PRORATION)
UNIT, EDDY COUNTY, NEW MEXICO)

Case 6618

APPLICATION

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Township 18 South, Range 29 East, N.M.P.M.
Section 19: Lots 1 and 2 (W/2 NW/4)

Containing 62.75 acres more or less.

2. Applicant has drilled and completed its DEPCO Federal #1 well in Unit D, Section 19, Township 18 South, Range 29 East at a location 330' FNL and 660' FWL of said Section 19, as a gas producer from the Yates formation. Based on the above described discovery well.
3. Applicant seeks the creation of a new pool to be classified as a gas pool for Yates production and designated as the Travis-Yates gas pool, said pool to comprise:

Township 18 South, Range 29 East
Section 19: Lots 1 and 2

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- (1) Dedication of a Non-standard 62.75 acre gas proration unit comprising the above described lands to said well.

- (2) An exception to the well location requirements under such special pool rules to cover said well.

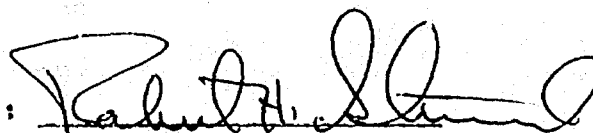
6. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent economic loss caused by the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights,

Wherefore Applicant requests:

- 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 Division enter its order:
- (1) Creating a new pool classified as a gas pool for Yates production designated as the Travis-Yates gas pool.
 - (2) Promulgating special pool rules providing that said pool be developed and operated under 80 acre spacing and well location requirements.
 - (3) Dedication of a non-standard 62.75 acre gas comprising the Lots 1 and 2 of Section 19, Township 18 South, Range 29 East to the above described well.
 - (4) Granting an exception to the well location requirements to cover said well drilled at the above described location.
- C. For such further relief as the Division deems just and proper.

Harvey E. Yates Company

By:



Robert H. Strand

Attorney for Applicant

ROUGH

dr/

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. 6618

Order No. R- 6103 - A

IN THE MATTER OF CASE 6618 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R- 6103, WHICH ORDER CREATED THE TRAVIS-YATES GAS
~~ESTABLISHED~~ SPECIAL RULES AND REGULATIONS POOL IN EDDY COUNTY,
~~FOR THE~~ XXXXXXXXXXXXXXXXXXXXXXXXXXXX NEW MEXICO, WITH TEMPORARY
~~GAS POOL~~ XXXXXXXXXXXXXXXXXXXX COUNTY, NEW MEXICO, XX
INCLUDING A PROVISION FOR 80 -ACRE
~~PROPORTION UNITS~~ XXX SPACING UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this _____ day of October, 1980, 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 by Order No. R-6103, dated September 10
19 79, temporary special rules and regulations were promulgated
for the Travis-Yates Gas Pool, Eddy
County, New Mexico, establishing temporary 80 -acre spacing
units.

(3) That pursuant to the provisions of Order No. R-6103
this case was reopened to allow the operators in the subject pool
to appear and show cause why the Travis-Yates
Gas Pool should not be developed on 160 -acre spacing units.

(4) That the evidence establishes that one well in the
Travis-Yates Gas Pool can efficiently and economically
drain and develop ^{only} ~~160~~ 80 acres.

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Case No. _____

Order No. R-_____

(5) That the Special Rules and Regulations promulgated by Order No. R-6103 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-6103 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Travis-Yates _____ Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-6103, are hereby continued in full force and effect until further order of the Division.

(2) 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.