

CASE 6932: YATES PETROLEUM CORPORATION  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

CASE NO.

6932

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

Re: CASE NO. 6932  
ORDER NO. R-6406

Mr. Chad Dickerson  
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 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. 6932  
Order No. R-6406

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

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 5th day of August, 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 the applicant, Yates Petroleum Corporation, seeks  
approval of an unorthodox gas well location for its State "JM"  
Well No. 2 to be drilled 660 feet from the South line and 660  
feet from the East line of Section 25, Township 18 South, Range  
24 East, NMPH, to test the Morrow formation, Eddy County, New  
Mexico.

(3) That the S/2 of said Section 25 is to be dedicated to  
the well.

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

(5) That no offset operator objected to the proposed un-  
orthodox location.

-2-  
Case No. 6932  
Order No. R-6406

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

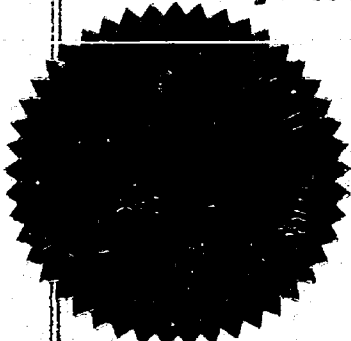
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Yates Petroleum Corporation State "JM" Well No. 2 to be located at a point 660 feet from the South line and 660 feet from the East line of Section 25, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 25 shall be dedicated to the above-described well.

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

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



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor- ) CASE  
ation for an unorthodox gas well loca- ) 6932  
tion, Eddy County, New Mexico. )

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:

Chad Dickerson, Esq.  
LOSEE, CARSON, & DICKERSON  
Artesia, New Mexico

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

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RAY BECK

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## EXHIBITS

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Applicant Exhibit Two, Isopach 4

Applicant Exhibit Three, Cross Section 5

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

1 MR. NUTTER: We'll call next Case Number  
2 6932.

3 MR. PADILLA: Application of Yates Petro-  
4 leum Corporation for an unorthodox gas well location, Eddy  
5 County, New Mexico.

6 MR. DICKERSON: Chad Dickerson, Mr.  
7 Examiner, on behalf of the applicant, and we have one witness.

8  
9 (Witness sworn.)

10  
11 RAY BECK

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

14  
15 DIRECT EXAMINATION

16 BY MR. DICKERSON:

17 Q Will you state your name, your occupation,  
18 and where you reside, please?

19 A Ray Beck, geologist for Yates Petroleum,  
20 Artesia, New Mexico.

21 Q Mr. Beck, have you previously qualified  
22 and testified before the Oil Conservation Division?

23 A Yes, I have.

24 MR. DICKERSON: Mr. Examiner, is the wit-  
25 ness qualified?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409



1 MR. NUTTER: Yes, he is.

2 Q Mr. Beck, would you briefly describe the  
3 purposes of application in Case Number 6932 of Yates?

4 A In Case 6932 Yates Petroleum Corporation  
5 requests approval of an unorthodox gas well location of its  
6 proposed No. 2 State "JM", to be drilled 660 from the south  
7 and east lines of Section 25, Township 18 South, Range 24  
8 East, Eddy County, New Mexico. The south half of Section 25  
9 will be dedicated to the well.

10 Q Mr. Beck, would you please refer to what  
11 is marked Exhibit Number One and describe what it shows?

12 A Exhibit Number One is a land plat showing  
13 the proposed location and its relationship with surrounding  
14 acreage.

15 Yellow denotes acreage in which Yates has  
16 an interest.

17 Q Turn to Exhibit Number Two and describe  
18 what it shows, please.

19 A Exhibit Number Two is an Isopach map  
20 showing the thickness of the Morrow Clastics surrounding the  
21 proposed location.

22 Near the subcrop of the Morrow wells  
23 located on or close to axes of the Morrow Clastic thicks are  
24 more likely to encounter economically gas productive narrow  
25 Morrow channel reservoirs.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 Also indicated on the map are the limits  
2 of the secondary objective Permo-Penn carbonate bank, which  
3 produces gas usually at low volumes.

4 As the map indicates, the requested non-  
5 standard location will be close to the axis of a Morrow  
6 Clastic thick and inside the limits of the Permo-Penn bank  
7 secondary objective.

8 Q Refer to Exhibit Number Three, please,  
9 and describe what it shows.

10 A Exhibit Number Three is a west/east cross  
11 section going through the proposed location, and shown are  
12 the pertinent correlations relative to Exhibit Number Two.

13 Q Mr. Beck, were Exhibits One, Two, and  
14 Three prepared by you or under your direction?

15 A Yes, they were.

16 MR. DICKERSON: Mr. Examiner, at this time  
17 we'd move that the Exhibits One, Two, and Three be admitted.

18 MR. NUTTER: Exhibits One through Three  
19 will be admitted in evidence.

20 MR. DICKERSON: And that's all we have on  
21 direct, Mr. Examiner.

22 CROSS EXAMINATION

23 BY MR. NUTTER:

24 Q Mr. Beck, this well out here in the south  
25

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 west quarter of Section 25, it is the third well on the cross  
2 section and penetrated the Morrow formation.

3 A. Yes, sir.

4 Q. What happened to that well?

5 A. They didn't find any Morrow sand.

6 Q. No Morrow sand there?

7 A. No economically productive Morrow sand.

8 It wasn't even worth drill stem testing.

9 Q. And the object of moving to the southeast  
10 corner of Section 25 would be to penetrate the thicker portion  
11 of the sand that you think is present there, is that it?

12 A. Yes, sir.

13 MR. NUTTER: Are there any further  
14 questions of the witness?

15 MR. DICKERSON: One further question, Mr.  
16 Examiner.

17

18

REDIRECT EXAMINATION

19

BY MR. DICKERSON:

20

21 Q. Mr. Beck, in your opinion would the  
22 granting of this application be in the interest of conserva-  
23 tion, the prevention of waste, and the protection of corre-  
24 lative rights?

24 A. Yes, it would.

25

MR. DICKERSON: That's all, Mr. Examiner.

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MR. NUTTER: If there are no further questions the witness may be excused.

Does any -- do you have anything further, Mr. Dickerson?

MR. DICKERSON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6932?

We'll take the case under advisement.

(Hearing concluded.)

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

## 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 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 CSR.

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 record of the proceedings in the Examiner hearing of Case No. 6932 heard by me on 7/9 1980.

[Signature], Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor-  
ation for an unorthodox gas well loca-  
tion, Eddy County, New Mexico.

CASE  
6932

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:

Chad Dickerson, Esq.  
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Artesia, New Mexico

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
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I N D E X

RAY BECK

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E X H I B I T S

Applicant Exhibit One, Plat	4
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Applicant Exhibit Three, Cross Section	5

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 MR. NUTTER: We'll call next Case Number  
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3 MR. PADILLA: Application of Yates Petro-  
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6 MR. DICKERSON: Chad Dickerson, Mr.  
7 Examiner, on behalf of the applicant, and we have one witness.

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24 MR. DICKERSON: Mr. Examiner, is the wit-  
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SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409



1 MR. NUTTER: Yes, he is.

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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 435-7409

1 west quarter of Section 25, it is the third well on the cross  
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3 A Yes, sir.

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10 corner of Section 25 would be to penetrate the thicker portion  
11 of the sand that you think is present there, is that it?

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21 granting of this application be in the interest of conserva-  
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25 MR. DICKERSON: That's all, Mr. Examiner.

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2 questions the witness may be excused.

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4 Mr. Dickerson?

5 MR. DICKERSON: No, sir.

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10 (Hearing concluded.)  
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SALLY W. BOYD, C.S.R.

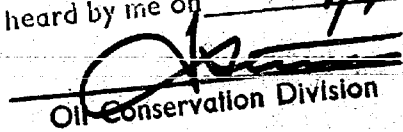
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

## 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 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.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6932 heard by me on 7/9 19 80.  
 Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation	)	CASE
for an unorthodox location and simul-	)	6953
taneous dedication, Lea County, New	)	
Mexico.	)	

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:

William V. Kastler, Esq.  
The Gulf Companies  
P. O. Box 3725  
Houston, Texas 77001

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

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I N D E X

BETHEL S. STRAWSER

Direct Examination by Mr. Kastler 3

Cross Examination by Mr. Nutter 8

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Tabulation 6

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

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

1 MR. NUTTER: The hearing will come to  
2 order, please.  
3 The first case on the docket this morning  
4 will be Case Number 6953.  
5 MR. PADILLA: Application of Gulf Oil  
6 Corporation for an unorthodox location and simultaneous dedi-  
7 cation, Lea County, New Mexico.  
8 MR. KASTLER: If the Examiner please, my  
9 name is Bill Kastler. I'm now living in Houston, Texas, but  
10 I'm an active member of the New Mexico Bar.  
11 I'm appearing on behalf of Gulf Oil Cor-  
12 poration and our witness in this case is Bethel S. Strawser.  
13  
14 (Witness sworn.)  
15  
16 BETHEL S. STRAWSER  
17 being called as a witness and having been duly sworn upon her  
18 oath, testified as follows, to-wit:  
19  
20 DIRECT EXAMINATION  
21 BY MR. KASTLER:  
22 Q Will you please state your name, your  
23 employer, and where you are located?  
24 A My name is Bethel Strawser. I'm employed  
25 by Gulf Oil Corporation in Midland, Texas, as a petroleum



SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 engineer.

2 Q Have you previously appeared before the  
3 New Mexico Oil Conservation Division --

4 A Yes, I have.

5 Q -- and qualified as an expert?

6 A Yes, I have, sir.

7 Q Are you familiar with the testimony in  
8 this application of Gulf?

9 A Yes, sir.

10 MR. KASTLER: Mr. Examiner, I move the  
11 witness' qualifications be accepted.

12 MR. NUTTER: The witness is qualified.

13 Q Would you please briefly state what Gulf  
14 is seeking in this application?

15 A Okay. Gulf is seeking authority to re-  
16 complete our Theodore Anderson Well No. 7 in the Eumont Gas  
17 Pool. This will be an unorthodox location 1980 from the  
18 north line and 660 from the east line of Unit H in Section 17,  
19 Township 20 South, Range 37 East.

20 We will also request to simultaneously  
21 dedicate a previously approved 240-acre nonstandard proration  
22 unit to our Well No. 7 and the currently producing Well No.  
23 4. This will comprise the northeast quarter and the east  
24 half of the northwest quarter of Section 17.

25 We will also request to produce the unit

1 allowable in any proportion between these two wells.

2 Q Do you have an exhibit which shows the  
3 Gulf Theodore Anderson lease?

4 A Yes, sir, that is our Exhibit Number One.

5 Q Will you please refer to Exhibit Number  
6 One and explain what it shows?

7 A Yes. Our Exhibit Number One is a plat  
8 which shows Gulf's 240-acre Theodore Anderson lease outlined  
9 in red. This is the northeast quarter and the east half of  
10 the northwest quarter of Section 17, 20 South, 37 East.

11 This area is currently dedicated to our  
12 Theodore Anderson Well No. 4 in Unit B of Section 17, shown in  
13 yellow on the plat.

14 Q Now what is the current status of that  
15 yellow T. Anderson Well No. 4?

16 A Well No. 4 is presently completed in the  
17 Eumont Gas Pool over the interval 3290 to 3402.

18 Q What is the current producing capacity of  
19 Well No. 4?

20 A Well No. 4 is currently classified as a  
21 marginal well. It is not able to make the nonmarginal allow-  
22 able that would normally be assigned to a 240-acre unit.

23 In April the well produced an average of  
24 858 Mcf per day.

25 Q What completion is now intended for the

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 T. Anderson Well No. 7?

2 A. It is our intention that the T. Anderson  
3 Well No. 7, which was originally completed in the Monument  
4 Pool in 1956, should not be produced from the Eumont Gas Pool  
5 over an interval of approximately 3308 to 3416.

6 We would set a bridge plug and cement at  
7 3525 to abandon the lower pay.

8 Q Is T. Anderson Well No. 7 identified on  
9 Exhibit One?

10 A Yes, sir, it is circled in green on Ex-  
11 hibit Number One.

12 Q Is this request in the interest of pro-  
13 tection of correlative rights?

14 A Yes, sir, it is. On Gulf's Exhibit Num-  
15 ber Two we have a tabulation of production and allowable  
16 data for Eumont Gas completions in the immediate vicinity of  
17 our T. Anderson lease.

18 Please note in the status column, the  
19 second column of numbers, that many of the wells in the vici-  
20 nity are nonmarginal wells, fully capable of producing full  
21 allowables for their assigned acreage.

22 In particular, in Section 16, Conoco's  
23 State C-16 Well No. 1 is a nonmarginal well. This offsets  
24 Gulf T. Anderson Well No. 7 directly to the east.

25 Also in Section 17, offsetting us to the

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
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1 west, the R. B. Honeyman - Wulff State Well No. 2 is also  
2 a nonmarginal well.

3 And in Section 8, offsetting us to the  
4 north, most of the wells there are nonmarginal wells.

5 Q Has the New Mexico Oil Conservation Divi-  
6 sion already set a precedent for a second well on a non-  
7 standard gas proration unit with simultaneous dedication of  
8 their acreage in this area?

9 A Yes, sir, they have. Our plat shows two  
10 such instances.

11 To the northwest of our lease Union Texas  
12 Petroleum has a 320-acre nonstandard proration unit in Section  
13 7, which is simultaneously dedicated to their Britt Wells  
14 Nos. 3 and 12.

15 Also, to the southwest of our lease  
16 Conoco has a 160-acre non-standard proration unit, which is  
17 simultaneously dedicated to their Britt B-18 Wells Nos. 3  
18 and 6.

19 Q All right. And their relative positions  
20 are northwest and southwest of Gulf's Anderson lease?

21 A That is correct.

22 Q Would you again briefly summarize the  
23 three items Gulf is seeking in this application?

24 A Gulf is seeking authority to recomplete  
25 our T. Anderson Well No. 7 in the Eumont Gas Pool as an unortho-

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 dox location that is 1980 feet from the north line and 660  
2 feet from the east line on Unit H of Section 17, Township 20  
3 South, Range 37 East.

4 We also wish to simultaneously dedicate  
5 our previously approved 240-acre unit to the Well No. 4 and  
6 the Well No. 7. This again is the northeast quarter and the  
7 east half of the northwest quarter of Section 17.

8 We also wish to produce the unit allowable  
9 for that 240 acres in any proportion between the two wells.

10 Q Were Exhibits One and Two prepared by  
11 you or under your direction?

12 A Yes, sir, they were.

13 MR. KASTLER: This completes our questions  
14 on direct examination, and I would like to move at this time,  
15 Mr. Examiner, that Exhibits One and Two be admitted in evi-  
16 dence in this hearing.

17 MR. NUTTER: Gulf Exhibits One and Two  
18 will be admitted in evidence.

19  
20 CROSS EXAMINATION

21 BY MR. NUTTER:

22 Q Ms. Strawser, as I understand it, the No.  
23 4 Well on this unit is currently classified as a marginal  
24 well, is that correct?

25 A That is correct.

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

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MR. NUTTER: Are there any further questions of the witness? She may be excused.

Do you have anything further, Mr. Kastler?

MR. KASTLER: Nothing further, thank you.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6953?

We'll take the case under advisement.

(Hearing concluded.)

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

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 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 record of the proceedings in the Examiner hearing of Case No. *6753* heard by me on *7/9* 19*60*.  
*[Signature]*, Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation ) CASE  
for an unorthodox location and simul-) 6953  
taneous dedication, Lea County, New )  
Mexico. )

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:

William V. Kastler, Esq.  
The Gulf Companies  
P. O. Box 3725  
Houston, Texas 77001

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 199-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409



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# INDEX

BETHEL S. STRAWSER

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# EXHIBITS

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SALLY W. BOYD, C.S.R.  
Rt. 1 Box 195-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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

1 MR. NUTTER: The hearing will come to  
2 order, please.

3 The first case on the docket this morning  
4 will be Case Number 6953.

5 MR. PADILLA: Application of Gulf Oil  
6 Corporation for an unorthodox location and simultaneous dedi-  
7 cation, Lea County, New Mexico.

8 MR. KASTLER: If the Examiner please, my  
9 name is Bill Kastler. I'm now living in Houston, Texas, but  
10 I'm an active member of the New Mexico Bar.

11 I'm appearing on behalf of Gulf Oil Cor-  
12 poration and our witness in this case is Bethel S. Strawser.

13  
14 (Witness sworn.)

15  
16 BETHEL S. STRAWSER  
17 being called as a witness and having been duly sworn upon her  
18 oath, testified as follows, to-wit:

19  
20 DIRECT EXAMINATION

21 BY MR. KASTLER:

22 Q Will you please state your name, your  
23 employer, and where you are located?

24 A My name is Bethel Strawser. I'm employed  
25 by Gulf Oil Corporation in Midland, Texas, as a petroleum

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

1 engineer.

2 Q Have you previously appeared before the  
3 New Mexico Oil Conservation Division ---

4 A Yes, I have.

5 Q --- and qualified as an expert?

6 A Yes, I have, sir.

7 Q Are you familiar with the testimony in  
8 this application of Gulf?

9 A Yes, sir.

10 MR. KASTLER: Mr. Examiner, I move the  
11 witness' qualifications be accepted.

12 MR. NUTTER: The witness is qualified.

13 Q Would you please briefly state what Gulf  
14 is seeking in this application?

15 A Okay. Gulf is seeking authority to re-  
16 complete our Theodore Anderson Well No. 7 in the Eumont Gas  
17 Pool. This will be an unorthodox location 1980' from the  
18 north line and 660' from the east line of Unit H in Section 17,  
19 Township 20 South, Range 37 East.

20 We will also request to simultaneously  
21 dedicate a previously approved 240-acre nonstandard proration  
22 unit to our Well No. 7 and the currently producing Well No.  
23 4. This will comprise the northeast quarter and the east  
24 half of the northwest quarter of Section 17.

25 We will also request to produce the unit

1 allowable in any proportion between these two wells.

2 Q Do you have an exhibit which shows the  
3 Gulf Theodore Anderson lease?

4 A Yes, sir, that is our Exhibit Number One.

5 Q Will you please refer to Exhibit Number  
6 One and explain what it shows?

7 A Yes. Our Exhibit Number One is a plat  
8 which shows Gulf's 240-acre Theodore Anderson lease outlined  
9 in red. This is the northeast quarter and the east half of  
10 the northwest quarter of Section 17, 20 South, 37 East.

11 This area is currently dedicated to our  
12 Theodore Anderson Well No. 4 in Unit B of Section 17, shown in  
13 yellow on the plat.

14 Q Now what is the current status of that  
15 yellow T. Anderson Well No. 4?

16 A Well No. 4 is presently completed in the  
17 Eumont Gas Pool over the interval 3290 to 3402.

18 Q What is the current producing capacity of  
19 Well No. 4?

20 A Well No. 4 is currently classified as a  
21 marginal well. It is not able to make the nonmarginal allow-  
22 able that would normally be assigned to a 240-acre unit.

23 In April the well produced an average of  
24 858 Mcf per day.

25 Q What completion is now intended for the

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 T. Anderson Well No. 7?

2 A. It is our intention that the T. Anderson  
3 Well No. 7, which was originally completed in the Monument  
4 Pool in 1956, should not be produced from the Eumont Gas Pool  
5 over an interval of approximately 3308 to 3416.

6 We would set a bridge plug and cement at  
7 3525 to abandon the lower pay.

8 Q Is T. Anderson Well No. 7 identified on  
9 Exhibit One?

10 A Yes, sir, it is circled in green on Ex-  
11 hibit Number One.

12 Q Is this request in the interest of pro-  
13 tection of correlative rights?

14 A Yes, sir, it is. On Gulf's Exhibit Num-  
15 ber Two we have a tabulation of production and allowable  
16 data for Eumont Gas completions in the immediate vicinity of  
17 our T. Anderson lease.

18 Please note in the status column, the  
19 second column of numbers, that many of the wells in the vici-  
20 nity are nonmarginal wells, fully capable of producing full  
21 allowables for their assigned acreage.

22 In particular, in Section 16, Conoco's  
23 State C-16 Well No. 1 is a nonmarginal well. This offsets  
24 Gulf T. Anderson Well No. 7 directly to the east.

25 Also in Section 17, offsetting us to the

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 west, the R. B. Honeyman - Wulff State Well No. 2 is also  
2 a nonmarginal well.

3 And in Section 8, offsetting us to the  
4 north, most of the wells there are nonmarginal wells.

5 Q Has the New Mexico Oil Conservation Divi-  
6 sion already set a precedent for a second well on a non-  
7 standard gas proration unit with simultaneous dedication of  
8 their acreage in this area?

9 A Yes, sir, they have. Our plat shows two  
10 such instances.

11 To the northwest of our lease Union Texas  
12 Petroleum has a 320-acre nonstandard proration unit in Section  
13 7, which is simultaneously dedicated to their Britt Wells  
14 Nos. 3 and 12.

15 Also, to the southwest of our lease  
16 Conoco has a 160-acre non-standard proration unit, which is  
17 simultaneously dedicated to their Britt B-18 Wells Nos. 3  
18 and 6.

19 Q All right. And their relative positions  
20 are northwest and southwest of Gulf's Anderson lease?

21 A That is correct.

22 Q Would you again briefly summarize the  
23 three items Gulf is seeking in this application?

24 A Gulf is seeking authority to recomplete  
25 our T. Anderson Well No. 7 in the Eumont Gas Pool as an unortho-

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
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1 dox location that is 1980 feet from the north line and 660  
2 feet from the east line on Unit H of Section 17, Township 20  
3 South, Range 37 East.

4 We also wish to simultaneously dedicate  
5 our previously approved 240-acre unit to the Well No. 4 and  
6 the Well No. 7. This again is the northeast quarter and the  
7 east half of the northwest quarter of Section 17.

8 We also wish to produce the unit allowable  
9 for that 240 acres in any proportion between the two wells.

10 Q Were Exhibits One and Two prepared by  
11 you or under your direction?

12 A Yes, sir, they were.

13 MR. KASTLER: This completes our questions  
14 on direct examination, and I would like to move at this time,  
15 Mr. Examiner, that Exhibits One and Two be admitted in evi-  
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17 MR. NUTTER: Gulf Exhibits One and Two  
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19  
20 CROSS EXAMINATION

21 BY MR. NUTTER:

22 Q Ms. Strawser, as I understand it, the No.  
23 4 well on this unit is currently classified as a marginal  
24 well, is that correct?

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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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MR. NUTTER: Are there any further questions of the witness? She may be excused.

Do you have anything further, Mr. Kastler?

MR. KASTLER: Nothing further, thank you.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6953?

We'll take the case under advisement.

(Hearing concluded.)


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



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 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.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 4913  
heard by me on 7/9 1972  
 Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor- ) CASE  
ation for an unorthodox gas well loca- ) 6932  
tion, 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	Ernest L. Padilla, Esq.
Division:	Legal Counsel to the Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

1 MR. STAMETS: The hearing will come to  
2 order.

3 We'll call at this time Case 6932.

4 MR. PADILLA: Application of Yates Petro-  
5 leum Corporation for an unorthodox gas well location, Eddy  
6 County, New Mexico.

7 MR. STAMETS: At the request of the  
8 applicant this case will be continued to the July 9th Examiner  
9 Hearing.

10  
11 (Hearing concluded.)  
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SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 435-7409

## 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 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 CSR

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 record of the proceedings in the Examiner hearing of Case No. 6932 heard by me on 6-75 1980.  
Richard T. [Signature], Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor- ) CASE  
ation for an unorthodox gas well loca- ) 6932  
tion, 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:

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

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

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MR. STAMETS: The hearing will come to order.

We'll call at this time Case 6932.

MR. PADILLA: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.

MR. STAMETS: At the request of the applicant this case will be continued to the July 9th Examiner Hearing.

(Hearing concluded.)

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

## 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 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.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. \_\_\_\_\_ heard by me on \_\_\_\_\_, 19\_\_\_\_.

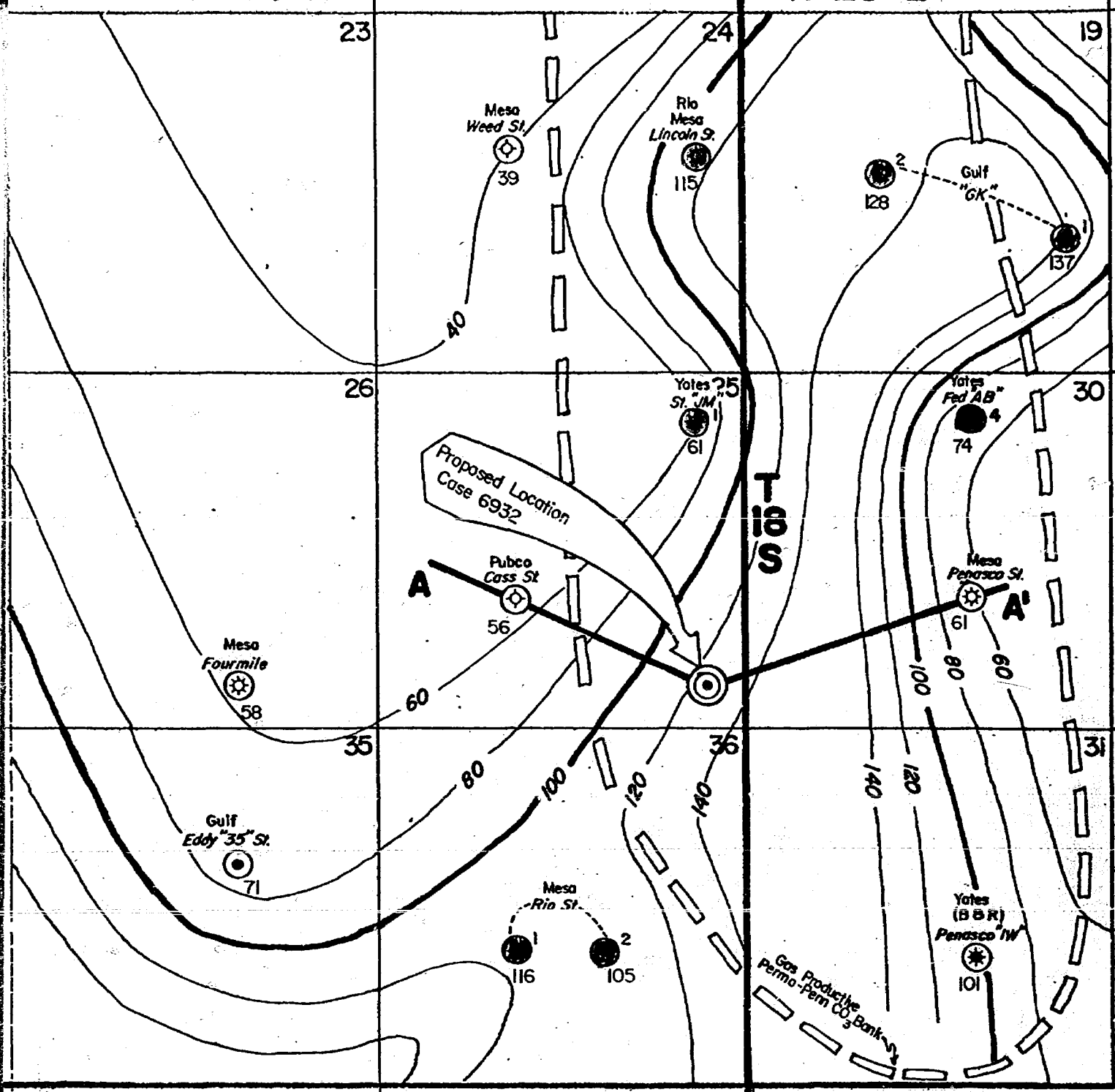
\_\_\_\_\_, Examiner  
Oil Conservation Division





R-24-E

R-25-E



## LEGEND

☼ Morrow Penetration

105+---Thickness from Top of Morrow Clastics to Miss. Austin Cycle

● Morrow Gas Well

☼ Gas from shallower zones

○ Oil from shallower zones

Isopachous Contour: 20 ft. C.I.

Limits of Gas Productive  
Permo-Penn CO<sub>3</sub> Bank

Scale: 1 inch = 2000 ft.

Case 6932

Date: 7-9-80

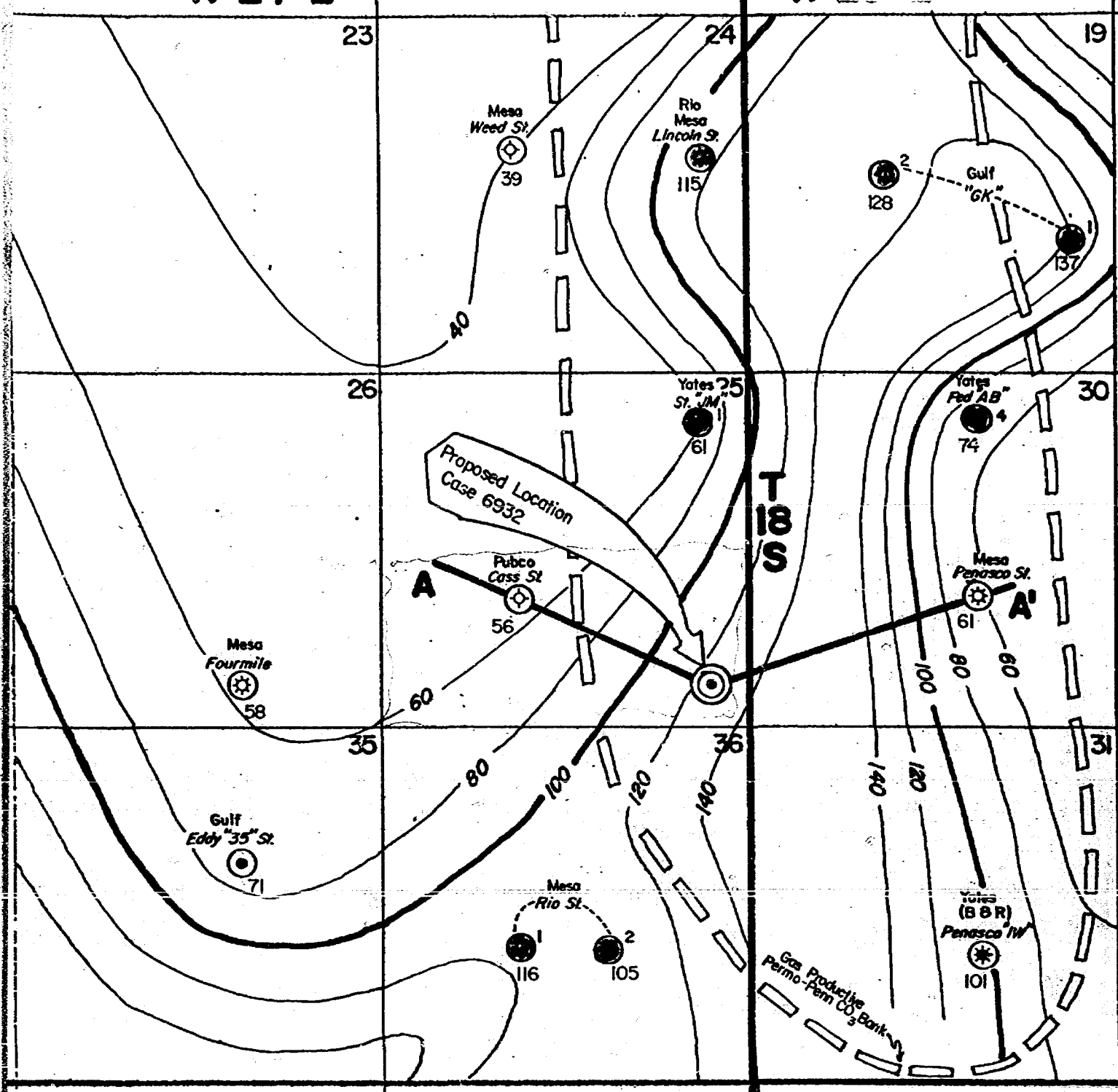
Yates Petroleum Corp.

Exhibit #2



R-24-E

R-25-E



## LEGEND

⊛ Morrow Penetration

105+---Thickness from Top of Morrow Clastics to Miss. Austin Cycle

● Morrow Gas Well

⊛ Gas from shallower zones

● Oil from shallower zones

Isopachous Contour: 20 ft. C.I.

Limits of Gas Productive  
Permo-Penn CO<sub>3</sub> Bank

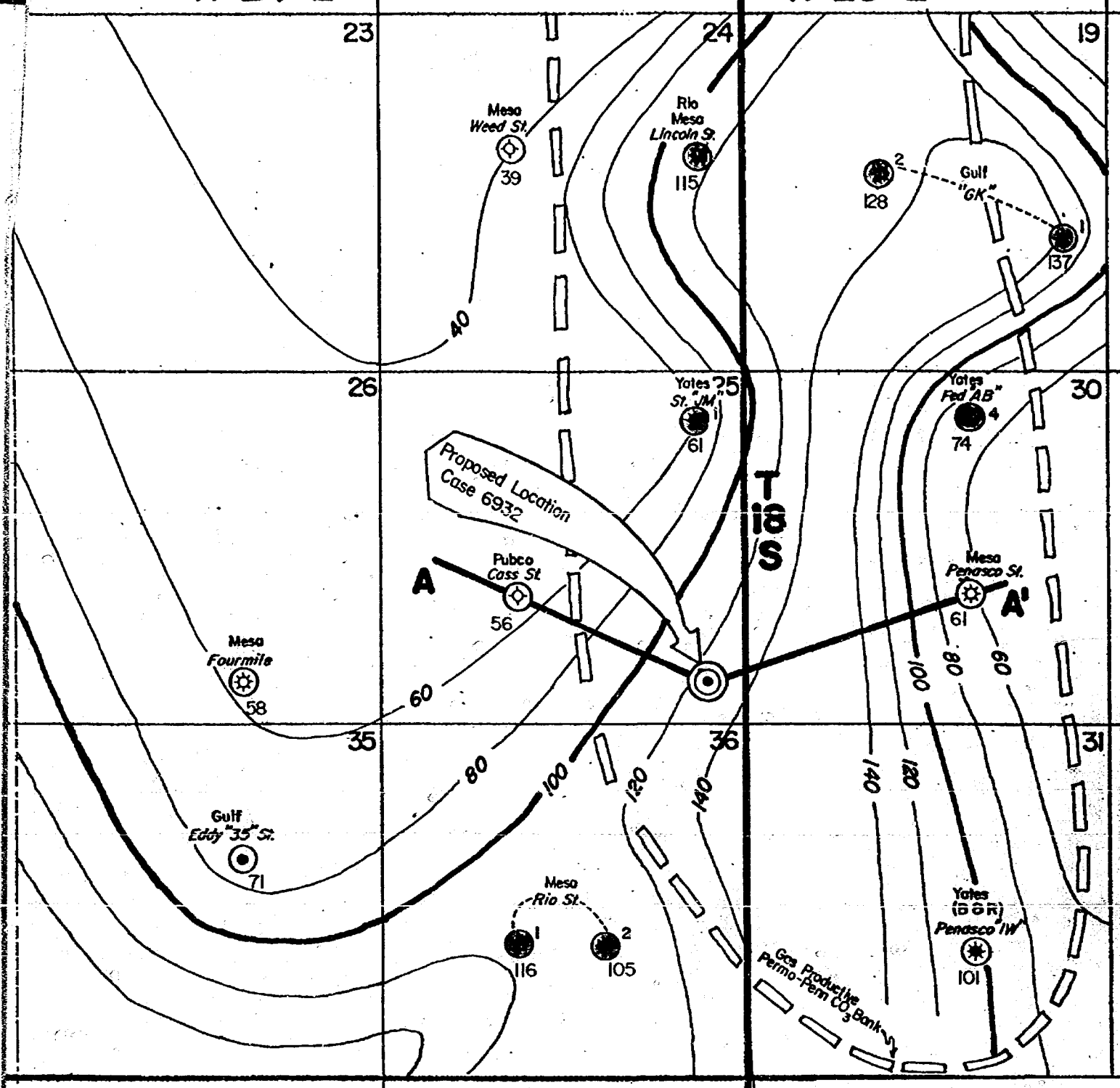
Scale: 1 inch = 2000 ft.

Case 6932  
Date: 7-9-80  
Yates Petroleum Corp.  
Exhibit 2



R-24-E

R-25-E



## LEGEND

⊗ Morrow Penetration

105+---Thickness from Top of Morrow Clastics to Miss. Austin Cycle

● Morrow Gas Well

⊗ Gas from shallower zones

● Oil from shallower zones

Isopachous Contour: 20 ft. C.I.

Limits of Gas Productive  
Permo-Penn CO<sub>3</sub> Bank

Scale: 1 inch = 2000 ft.

Case 6932

Date: 7-9-80

Yates Petroleum Corp  
Exhibit #2



Dockets Nos. 22-80 and 23-80 are tentatively set for July 23 and August 6, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 9, 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 6953:** Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 17, Township 20 South, Range 37 East, Eumont Gas Pool, to its Theodore Anderson Well No. 4 located in Unit B, and its No. 7, at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 17.
- CASE 6954:** Application of Harvey E. Yates Company for amendment of Order No. R-6303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6303 which authorized the directional drilling of a well, the surface location of which is 660 feet from the North line and 1980 feet from the West line of Section 32, Township 13 South, Range 36 East. Applicant seeks approval for the bottom hole location of the well at a point 654 feet from the North line and 2158 feet from the West line of said Section 32.
- CASE 6921:** (Readvertised)
- 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-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 33. 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 6932:** (Continued from June 25, 1980, Examiner Hearing)
- Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.
- CASE 6934:** (Continued from June 25, 1980, Examiner Hearing)
- Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre proration units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.
- CASE 6955:** 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 Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 42 located in Unit M of Section 22, Township 27 North, Range 5 West.
- CASE 6956:** Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State "GR" Well No. 1 located in Unit F of Section 21, Township 16 South, Range 35 East.
- CASE 6957:** Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State HK Com Well No. 1 located in Unit L of Section 6, Township 24 South, Range 25 East.

Dockets Nos. 20-80 and 21-80 are tentatively set for July 9 and 23, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

## DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1980

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 6891: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Midwest Refining Company, United States Fidelity & Guaranty Company, and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6929: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its NCRA Well No. 1-E located in Unit C of Section 22, Township 26 North, Range 7 West, by using the Dakota gas for gas lift of Mesaverde liquids after metering on the surface.

CASE 6930: Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 21 to be drilled 660 feet from the North and East lines of Section 36, Township 17 South, Range 28 East, the E/2 of said Section 36 to be dedicated to the well.

CASE 6931: Application of H. L. Harvey for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Fruitland and Bloomfield-Farmington production in the wellbore of his Jones Well No. 3 located in Unit B of Section 13, Township 29 North, Range 11 West.

CASE 6917: (Continued from June 4, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6932: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.

CASE 6933: Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying two 320-acre proration units, being the N/2 and the S/2 of Section 2, Township 19 South, Range 25 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6934: Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre proration units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6901: (Continued from May 21, 1980, 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 thru Mississippian formations underlying the E/2 of Section 19, 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.

LAW OFFICES

LOSEE, CARSON & DICKERSON, P. A.

300 AMERICAN HOME BUILDING

P. O. DRAWER 239

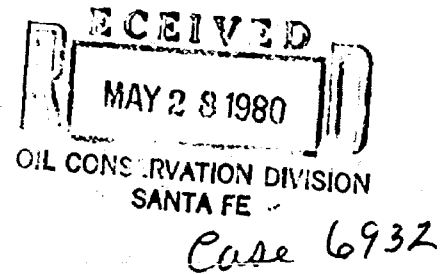
ARTESIA, NEW MEXICO 88210

A. J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

AREA CODE 505  
746-3508

May 27, 1980

Mr. Joe D. Ramey, Director  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501



Dear Mr. Ramey:

Enclosed for filing, please find three copies each of an application of Yates Petroleum Corporation for an unorthodox location and two applications of Yates Petroleum Corporation for compulsory pooling in Eddy County, New Mexico.

We ask that these cases be set for hearing before an examiner and that you furnish us with a docket of said hearings.

Thank you.

Sincerely yours,

LOSEE, CARSON & DICKERSON, P.A.

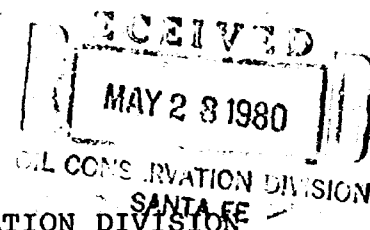
A handwritten signature in cursive script, appearing to read "Chad Dickerson".

Chad Dickerson

CD:pvm  
Enclosures

cc: Yates Petroleum Corporation





BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

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

CASE NO. 6932

APPLICATION

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

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

Township 18 South, Range 24 East, N.M.P.M.

Section 25: S/2

and proposes to drill its State "JM" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 25.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 25 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

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

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its State "JM" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 25, and to dedicate the S/2 of Section 25, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By:

  
Chad Dickerson

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

Attorneys for Applicant

RECEIVED  
MAY 28 1980  
OIL CONSERVATION DIVISION  
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 6932

APPLICATION

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

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

Township 18 South, Range 24 East, N.M.P.M.

Section 25: S/2

and proposes to drill its State "JM" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 25.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/2 of said Section 25 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

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

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its State "JM" No. 2 Well 660 feet from the south line and 660 feet from the east line of said Section 25, and to dedicate the 8/2 of Section 25, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

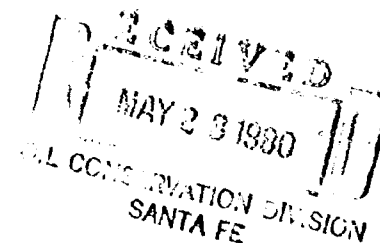
C. And for such other and further relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson  
Chad Dickerson

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

Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 6932

APPLICATION

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

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

Township 18 South, Range 24 East, N.M.P.M.

Section 25: 8/2

and proposes to drill its State "JM" No. 2 Well at a point located 660 feet from the south line and 660 feet from the east line of Section 25.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above mentioned unorthodox location to a depth sufficient to adequately test the Morrow formation.

3. A standard 320-acre gas proration unit comprising the S/D of said Section 25 should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of gas.

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

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill its State "JM" No. 2 Well 560 feet from the south line and 660 feet from the east line of said Section 25, and to dedicate the 8/2 of Section 25, which is reasonably presumed to be productive of gas from the Morrow formation, to said well.

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

YATES PETROLEUM CORPORATION

By: Chad Dickerson  
Chad Dickerson

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

Attorneys for Applicant

DRAFT

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. 6932

ORDER NO. R- 6406

APPLICATION OF YATES PETROLEUM CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this        day of July, 19 80, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

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

(2) That the applicant, Yates Petroleum Corporation,  
of its State "JM" Well No. 2 to be drilled  
seeks approval of an unorthodox gas well location/ 660  
feet from the South line and 660 feet from the  
East line of Section 25, Township 18 South  
Range 24 East, NMPM, to test the Morrow  
formation, Pool, Eddy  
County, New Mexico.

(3) That the S/2 of said Section 25 is to be  
dedicated to the well.

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

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

-2-

Case No. \_\_\_\_\_

Order No. R- \_\_\_\_\_

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow  
the Yates Petroleum Corporation State "JM" Well No. 2  
formation is hereby approved for ~~axwell~~ to be located at a point 660  
feet from the South line and 660 feet from the East  
line of Section 25, Township 18 South, Range 24 East  
NMPM, Pool, Eddy County,  
New Mexico.

(2) That the S/2 of said Section 25 shall be dedicated to  
the above-described well.

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

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