



Yates Petroleum Corporation

CHOSA ATR FEDERAL #1
SEC. 8-T25S-R26E
Morrow Pay Sand Thickness

Geo: R. Podany

12/5/2000

chosa.gpf

Scale 1:24000.

C.I. = 10'

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 12498 Exhibit No. 3

Submitted by:

Yates Petroleum Corporation

Hearing Date: December 7, 2000

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Docket No. 35-00
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to applicant's Townsend State Com. Well No. 10, to be located at an orthodox location 800 feet from the North line and 660 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The units are located approximately 6 miles west-northwest of Lovington, New Mexico.

CASE 12501: Continued from November 2, 2000, Examiner Hearing.

Application of Santa Fe Snyder Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the creation of the North Hackberry-Bone Spring Pool, covering the SE/4 of Section 6, Township 19 South, Range 31 East, and the promulgation of Special Pool Rules for the North Hackberry-Bone Spring Pool, including provisions for 160-acre spacing, special well location requirements, and a gas:oil ratio of 30,000 cubic feet of gas for each barrel of oil produced. The proposed pool is centered approximately 10 miles southeast of Loco Hills, New Mexico.

CASE 12548: **Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations and pools developed on 320-acre spacing in the S/2 and for all formations and pools developed on 160-acre spacing in the SW/4 of Section 5, Township 22 South, Range 26 East. Said units are to be dedicated to its Rifleman "5" Com Well No. 1 to be drilled as a wildcat well at a standard location 660 feet from the South and West lines of said Section 5 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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. Said area is located approximately 3 miles West of Carlsbad, New Mexico.

CASE 12498: Continued from November 16, 2000, Examiner Hearing.

Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks authorization to drill its Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) to the Morrow formation, Undesignated Chosa Draw-Morrow Gas Pool, at an unorthodox well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East. The W/2 of Section 8 is to be dedicated to the well. The unit is located approximately 18 miles southwest of Carlsbad, New Mexico.

CASE 12549: **Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the North Papalotes State Exploratory Unit for an area comprising 1600 acres more or less, of State lands in Sections 25, 26 and 36 of Township 14 South, Range 34 East, which is located approximately 10 miles northwest of Lovington, New Mexico.

CASE 12542: Continued from November 16, 2000, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the S/2 for all formations developed on 320 acre spacing including but not limited to the Penasco Draw-Permo Penn Gas Pool, the Undesignated Antelope Sink-Atoka Gas Pool, and the Undesignated North Antelope Sink-Morrow Gas Pool, and the SE/4 for all formations developed on 160-acre spacing, all in Section 15, Township 18 South, Range 24 East.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 36-00 and 1-01 are tentatively set for December 21, 2000 and January 11, 2001. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 12546: **Application of McKay Oil Corporation for an unorthodox infill gas well location, Chaves County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool*" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location within an existing standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool comprising the SW/4 of Section 17, Township 6 South, Range 23 East, which is located approximately 13 miles south of Mesa, New Mexico. The Five Mile Tank "B" Federal Well No. 5 (API No. 30-005-63288) is to be drilled 1760 feet from the South line and 588 feet from the West line (Unit L) of Section 17. This unit is currently dedicated to McKay Oil Corporation's Five Mile Tank Well No. 5 (API No. 30-005-62429), located at a standard gas well location 1650 feet from the South line and 1980 feet from the West line (Unit K) of Section 17. FURTHER, the applicant shall show cause: (i) why an "*Application for Permit to Drill*" ("APD") for a third gas well was filed on this unit, its proposed Five Mile Tank "B" Federal Well No. 3 (API No. 30-005-63293) to be drilled at a standard infill gas well location 880 feet from the South line and 1760 feet from the East line (Unit N) of Section 17, which is in violation of Rule 2 of the special pool rules for the West Pecos Slope-Abo Gas Pool; (ii) why the Five Mile Tank Well No. 3 can not be utilized as the infill gas well on this existing unit instead of the proposed Five Mile Tank Well No. 5; and (iii) why the APD for this proposed Five Mile Tank Well No. 3 has not been formally withdrawn.

CASE 12547: **Application of McKay Oil Corporation for an unorthodox infill gas well location, Chaves County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool*" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location within an existing standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool comprising the SE/4 of Section 18, Township 6 South, Range 23 East, which is located approximately 13 miles south of Mesa, New Mexico. The Snakeweed Federal "B" Well No. 4 is to be drilled 880 feet from the South line and 588 feet from the East line (Unit P) of Section 18. This unit is currently dedicated to McKay Oil Corporation's Snakeweed Federal Well No. 4 (API No. 30-005-62432), located at a standard gas well location 1980 feet from the South line and 1780 feet from the East line (Unit J) of Section 18.

CASE 12535: **Continued from November 16, 2000, Examiner Hearing.**

Application of Ocean Energy Resources, Inc. for compulsory pooling and four non-standard oil and gas spacing and proration units, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-8 of irregular Section 3, Township 16 South, Range 35 East, and in the following manner: Lots 1-8 to form a non-standard 355.80-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool and Undesignated North Shoe Bar-Morrow Gas Pool; Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated South Big Dog-Strawn Pool; and Lot 4 to form a non-standard 48.43-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Townsend-Permo Upper Pennsylvanian Pool. The units are to be dedicated

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CASE 12516: Continued from October 19, 2000, Examiner Hearing.

Application of Manzano Oil Corporation for directional drilling and an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to re-enter its New Mexico C - #3 Well at a previously approved unorthodox surface location 1550 feet from the North line and 10 feet from the West line of Section 36, Township 13 South, Range 37 East, and directionally drill in the Devonian formation, King Devonian Pool, to an unorthodox bottomhole location 2400 feet from the North line and 190 feet from the East line of Section 35, Township 13 South, Range 37 East. The SE/4 NE/4 of Section 35 is to be dedicated to the well. The unit is located approximately 9 miles east of McDonald, New Mexico.

CASE 12541: **Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the N/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing; the N/2 NW/4 for all formations and/or pools developed on 80-acre spacing including but not limited to the West Lovington-Strawn Pool; and the NW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Townsend-Permo Upper Pennsylvanian Pool, the Undesignated Townsend-Strawn Pool, the Undesignated Townsend-Abo Pool and the Undesignated Townsend-Devonian Pool, all in Section 35, Township 15 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Disco Midge Well No. 1 to be drilled at a standard gas well location in the NW/4 of Section 35. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 1.5 miles northwest of Lovington, New Mexico.

CASE 12542: **Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the S/2 for all formations developed on 320 acre spacing including but not limited to the Penasco Draw-Permo Penn Gas Pool, the Undesignated Antelope Sink-Atoka Gas Pool, and the Undesignated North Antelope Sink-Morrow Gas Pool, and the SE/4 for all formations developed on 160-acre spacing, all in Section 15, Township 18 South, Range 24 East. Applicant proposes to dedicate these pooled units to its Gold Stonefly Federal "15" Well No. 1 to be drilled at a standard gas well location in the SE/4 of Section 15. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 8 miles southwest of Artesia, New Mexico.

CASE 12543: **Application of EOG Resources, Inc. for amendment of Division Order No. R-11433 for approval of an unorthodox well location, Eddy County, New Mexico.** Applicant seeks amendment of Division compulsory pooling Order No. R-11433 to approve an unorthodox well location for its Warp Speed "7" Federal Com Well No. 1 to be drilled 2280 feet from the North line and 1930 feet from the West line of Section 7, Township 17 South, Range 29 East. The area is located approximately 7 miles northwest of Loco Hills, New Mexico.

CASE 12544: **Application of EOG Resources, Inc. for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authorization to drill its Conoco "22" Federal Com Well No. 1 as a wildcat well through the top 100 feet of the Mississippian Chester formation, at an unorthodox well location 2310 feet from the North line and 1427 feet from the West line of Section 22, Township 16 South, Range 29 East. The W/2 of Section 22 is to be dedicated to the well. The unit is located approximately 9 miles northwest of Loco Hills, New Mexico.

CASE 12520: Continued from October 19, 2000, Examiner Hearing.

Application of BP Amoco for establishment of a downhole commingling reference case and pre-approval of downhole commingling for formations and pools in the Gallegos Canyon Unit pursuant to Division Rule 303.C (4) and the adoption of special administrative rules therefor, San Juan County, New Mexico. Applicant, in accordance with Rule 303.C(4), seeks to establish a downhole commingling reference case to provide for (a) compatibility criteria, (b) pressure criteria, (c) cross-flow criteria, (d) prorationing criteria, (e) value criteria, and (f) a modification of notification rules on an area-wide basis authorization for downhole commingling of Fruitland Coal, Pictured Cliffs, Gallup, and Dakota gas production in the wellbores of existing or future wells drilled anywhere within the Gallegos Canyon Unit Area located in Townships 27, 28 and 29 North, Ranges 11, 12 and 13 West. The center of the area is located approximately 5 miles southeast of Farmington, New Mexico.

CASE 12498: Continued from October 19, 2000, Examiner Hearing.

Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks authorization to drill its Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) to the Morrow formation, Undesignated Chosa Draw-Morrow Gas Pool, at an unorthodox well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East. The W/2 of Section 8 is to be dedicated to the well. The unit is located approximately 18 miles southwest of Carlsbad, New Mexico.

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CASE 12545: **Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the N/2 NW/4, and in all formations developed on 40-acre spacing in the SW/4 NW/4 of Section 7, Township 20 South, Range 27 East. The unit is to be dedicated to its Turner 7 Federal Deep Well No. 1 which has been drilled at a standard location 1980 feet from the North line and 660 feet from the West line of Section 7 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, McMillan-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 3 miles southeast of Lakewood, New Mexico.

CASE 12490: **Continued from November 2, 2000, Examiner Hearing.**

Application of Permian Resources Incorporated for produced water disposal, Lea County, New Mexico. Applicant seeks approval to re-enter the existing Harrison Well No. 2-22, located in the NE/4 SE/4 of Section 22, Township 25 South, Range 37 East, and utilize the well to dispose of produced water into the Queen formation through the open hole interval from approximately 3,218 feet to 3,366 feet. This area is located approximately 2 miles east of Jal, New Mexico.

CASE 12441: **Continued from November 2, 2000, Examiner Hearing.**

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.