

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE  
DEAN B. CROSS

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

January 23, 1991

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Yates Petroleum Corporation

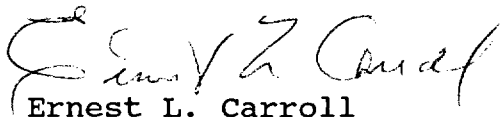
Dear Mr. LeMay:

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

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

Yours truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:bjk  
Enclosures

cc w/encl: Ms. Kathy Porter  
Santa Fe Energy Operating Partners, LP  
Conoco, Inc.  
Torch Operating Company  
Chevron U.S.A., Inc.

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ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

January 31, 1991

RECEIVED

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

Case 10241

Re: Amended Application of Yates Petroleum Corporation

Dear Mr. LeMay:

Enclosed for filing, please find three copies of the Amended Application of Yates Petroleum Corporation for an unorthodox gas well location for its Judith "AIJ" Federal No. 1 Well in Eddy County, New Mexico. Yates Petroleum Corporation is filing its Amended Application to change the total depth of the well to the Morrow Formation, rather than the Cisco Canyon Formation.

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

Yours truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

  
Ernest L. Carroll

ELC:bjk  
Enclosures

cc w/encl: Ms. Kathy Porter  
Santa Fe Energy Operating Partners, LP  
Conoco, Inc.  
Torch Operating Company  
Chevron U.S.A., Inc.

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P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3508  
TELECOPY  
(505) 746-6316

February 14, 1991

**FEDERAL EXPRESS**

Ms. Florine Davidson  
New Mexico Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Application of Yates Petroleum Corporation  
for Unorthodox Gas Well Location, Eddy County,  
New Mexico; Judith "AIJ" Federal No. 1

Dear Florine:

Enclosed herewith, please find in triplicate our Pre-Hearing Statement and Certificate of Mailing for the above Amended Application submitted by Yates Petroleum Corporation, which hearing is to be held on Thursday, February 21, 1991.

If you need anything further, please do not hesitate to contact me.

Yours truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:bjk  
Enclosures

cc: Ms. Kathy Porter

**RECEIVED**

FEB 18 1991

OIL CONSERVATION DIV  
SANTA FE

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

*CASE NO. 10221*  
*ORDER NO. R-4691-D*

APPLICATION OF CONOCO INC. FOR THE  
AMENDMENT OF DIVISION ORDER NO. R-4691,  
AS AMENDED, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 7, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of March, 1991 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the hearing, this case was consolidated with Division Case No. 10222 for purposes of testimony.
- (3) By Division Order No. R-4691 dated December 11, 1973, temporary special rules and regulations were promulgated for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, establishing 320-acre spacing for the pool and a special depth bracket allowable of 427 barrels per day.
- (4) By Division Order No. R-4691-A dated February 3, 1976, the spacing was changed from 320 to 160 acres and the special depth bracket allowable from 427 barrels per day to 267 barrels per day.

(5) Division Order No. R-4691-B dated October 12, 1976, left the spacing unchanged at 160 acres but changed the special depth bracket allowable from 267 barrels per day to 350 barrels per day.

(6) Division Order No. R-4691-C dated March 15, 1977 made permanent the temporary Special Pool Rules for the North Dagger Draw-Upper Pennsylvanian Pool as promulgated by said Order No. R-4691, as amended by Order Nos. R-4691-A and R-4691-B.

(7) By Division Order No. R-5565, dated November 1, 1977, the limiting gas-oil ratio for said pool was set at 10,000 cubic feet of gas for each barrel of oil.

(8) The pool boundaries for the North Dagger Draw-Upper Pennsylvanian Pool are presently described as follows:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 13: E/2  
Section 22: SE/4  
Sections 24 and 25: All  
Section 26: N/2  
Section 27: NE/4  
Section 34: SE/4  
Sections 35 and 36: All

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 8: SW/4  
Section 14: NW/4  
Section 15: All  
Section 16: NW/4 and S/2  
Sections 17 through 19: All  
Section 20: W/2  
Section 21: N/2  
Section 30: All  
Section 31: W/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 1: All  
Section 2: N/2

Section 3: N/2 and SE/4  
Section 10: NE/4  
Section 12: NW/4

(9) At this time the applicant, Conoco Inc., seeks to amend the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool changing the special depth bracket allowable for a standard 160-acre oil spacing and proration unit in said pool from 350 barrels of oil per day to 700 barrels of oil per day.

(10) Applicant submitted testimony that additional drilling, recompletion work, and equipment installations should result in the development of additional gas reserves and will increase oil and gas production if the proposed amendment is adopted.

(11) Said testimony further indicates that the reservoir characteristics of the subject pool justify the increased allowable.

(12) Yates Petroleum Corporation, an operator in said pool, appeared at the hearing in support of the proposed amendment.

(13) No other operator or interested party appeared at the hearing or objected to this application.

(14) In order to afford the owners in the North Dagger Draw-Upper Pennsylvanian Pool the opportunity to drill and recomplete additional wells resulting in higher production rates and the opportunity to recover additional oil and gas in said pool in a manner that is conducive to sound conservation practices and is protective of correlative rights, the proposed amendment should be approved.

**IT IS THEREFORE ORDERED THAT:**

(1) Effective April 1, 1991 a special depth bracket allowable of 700 barrels per day is hereby established for a standard 160-acre oil spacing and proration unit in the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico.

(2) All previous references to either 427 barrels, 267 barrels or 350 barrels of oil per day as this pool's depth bracket allowable, in Division Order Nos. R-4691, R-4691-A and R-4691-B are hereby placed in abeyance.

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

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 10222  
ORDER NO. R-5353-L-1

APPLICATION OF YATES PETROLEUM  
CORPORATION TO AMEND THE SPECIAL  
RULES AND REGULATIONS FOR THE SOUTH  
DAGGER DRAW-UPPER PENNSYLVANIAN  
ASSOCIATED POOL, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 7, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of March, 1991 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) At the time of the hearing, this case was consolidated with Division Case No. 10221 for purposes of testimony.

(3) The General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico as promulgated by Division Order No. R-5353, dated January 17, 1977, also enacted temporary special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico, establishing 320-acre spacing, designated well locations, set the limiting gas-oil ratio at 8,000 cubic feet of gas for each barrel of oil produced and adopted a special depth bracket allowable for an oil well of 267 barrels of oil.

(4) Division Order No. R-5353-A, dated March 15, 1977 made permanent the above-described temporary pool rules.

(5) By Division Order No. R-5353-L, dated October 26, 1990, it was established that both the North Dagger Draw-Upper Pennsylvanian Pool and said South Dagger Draw-Upper Pennsylvanian Associated Pool were, "in geological and pressure communication and are in fact both part of the same pool." Therefore the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool were temporarily changed to parallel the special rules for the adjacent North Dagger Draw-Upper Pennsylvanian Pool (Division Order No. R-4691, as amended) to the north. Said Order No. R-5353-L left the spacing unchanged at 320 acres, but modified the designated well locations, changed the limiting gas-oil ratio to 10,000 cubic feet of gas for each barrel of oil produced, and increased the special depth bracket allowable from 267 barrels of oil per day to 700 barrels of oil per day.

(6) The South Dagger Draw-Upper Pennsylvanian Associated Pool presently comprises the S/2 of Section 11 and all of Sections 14, 15, 22, 23, 26 and 35, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico.

(7) At this time the applicant, Yates Petroleum Corporation, seeks to amend the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool changing the special depth bracket allowable for a standard 320-acre oil spacing and proration unit in said pool from 700 barrels of oil per day to 1400 barrels of oil per day.

(8) The timing of this matter is in conjunction to Division Case No. 10221 which is the application of Conoco, Inc. to amend the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool, as promulgated by Division Order No. R-4691, as amended, changing the special depth bracket allowable for a standard 160-acre oil spacing and proration unit in said pool from 350 barrels of oil per day to 700 barrels of oil per day.

(9) In said companion Case No. 10221 it was found that additional drilling, recompletion work and equipment installations should result in the development of additional reserves and would increase oil and gas production if the proposed amendment as described above was adopted.

(10) Said amendment to the North Dagger Draw-Upper Pennsylvanian Pool was approved by Division Order No. R-4691-D, dated March 21, 1991.



(11) To continue the consistent development of both pools by similar operating rules, the proposed amendment to the Special Rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Effective April 1, 1991, Rule 22 of the temporary special pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, as promulgated by Division Order No. R-5353-L, dated October 26, 1990, is hereby amended to read in its entirety as follows:

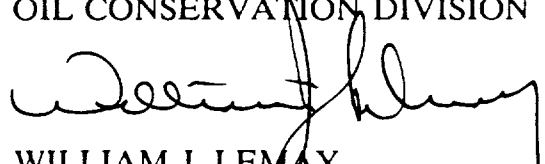
"Rule 22. The special depth bracket allowable for a 320-acre proration unit shall be 1400 barrels of oil per day. All or any part of the allowable may be produced by a single well or by two or more wells on the unit. However, total oil allowable assigned to a 320-acre unit shall not exceed 1400 barrels per day."

(2) All other provisions of said Order No. R-5353-L shall remain in full force and effect.

(3) 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

  
WILLIAM J. LEMAY  
Director

S E A L

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

April 2, 1991

LOSEE, CARSON, HAAS & CARROLL  
Attorneys at Law  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239

RE: CASE NO. 10241  
ORDER NO. R-9481

Dear Sir:

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

Sincerely,

*Florene Davidson*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM Carlsbad Office