

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

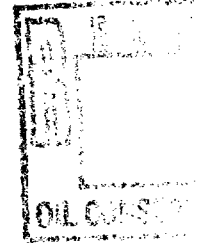
26 October 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Company CASE  
for an unorthodox gas well location, 9510  
Eddy County, New Mexico.

BEFORE: Michael E. Stogner, Examiner



TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Robert G. Stovall  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico

For the Applicant:

Chad Dickerson  
Attorney at Law  
DICKERSON, FISK & VANDIVER  
Seventh & Mahone\Suite E  
Artesia, New Mexico 88210

## I N D E X

RAY BECK

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## E X H I B I T S

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Yates Exhibit Two, Map 5

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1 MR. STOGNER: At this time  
2 I'll call Case Number 9510.

3 MR. STOVALL: Application of  
4 Yates Petroleum Corporation for an unorthodox gas well  
5 location, Eddy County, New Mexico.

6 MR. STOGNER: I'll now call  
7 for appearances.

8 MR. DICKERSON: Mr. Examiner,  
9 I'm Chad Dickerson of Artesia, New Mexico, on behalf of the  
10 applicant, and I have one witness.

11 MR. STOGNER: Are there any  
12 other appearances in this matter?

13 Will the witnesses please  
14 stand to be sworn.

15  
16 (Witness sworn.)

17  
18 RAY BECK,  
19 being called as a witness and being duly sworn upon his  
20 oath, testified as follows, to-wit:

21  
22 DIRECT EXAMINATION

23 BY MR. DICKERSON:

24 Q Mr. Beck, will you state your name, your  
25 occupation and by whom you're employed, please?

1                   A           Ray Beck, geologist for Yates Petroleum  
2 Corporation?

3                   Q           Mr. Beck, you have testified on numerous  
4 occasions before this Division and its examiners and in the  
5 recent past, have you not?

6                   A           Yes, I have.

7                   Q           And are you familiar with the geological  
8 information surrounding Yates' application in Case 9510?

9                   A           I am.

10                               MR. DICKERSON: Is the witness  
11 qualified, Mr. Examiner?

12                               MR. STOGNER: Mr. Beck is so  
13 qualified.

14                   Q           Mr. Beck, will you summarize the purpose  
15 of Yates' application in Case 9510 for us?

16                   A           In Case 9510 Yates Petroleum Corporation  
17 respectfully requests approval of the unorthodox gas well  
18 location of the proposed New Deal "AFD" Federal No. 1, to  
19 be drilled deeper at a location 1980 feet from the north  
20 line and 760 feet from the east line of Section 6, Township  
21 18 South, Range 25 East, Eddy County, New Mexico. The  
22 north half of Section 6 would be dedicated to the well.

23                               The well will be drilled into the top of  
24 the Mississippian formation; however, the necessity for  
25 this nonstandard location is based on geologic conditions

1 prevailing in a Permo-Penn limestone bank, the primary  
2 objective.

3 The well to be drilled will be an old  
4 well drilled deeper. The old hole was drilled to a TD of  
5 1425 feet in the San Andres formation. The 8 and 5 casing  
6 was set at 1,070 feet. The new TD will be approximately  
7 8450 feet.

8 Q Mr. Beck, refer to the plat we've sub-  
9 mitted as Exhibit Number One and tell us what that map  
10 shows.

11 A Exhibit Number One is a land plat show-  
12 ing the proposed location as a red spot and its relation-  
13 ship to the surrounding acreage situation. The proration  
14 unit is outlined in red. The yellow colored acreage de-  
15 notes that acreage in which Yates has full or partial oper-  
16 ating rights.

17 Q And the map indicates, does it not, that  
18 Chevron in the north half of 5 and Hondo Oil and Gas in the  
19 southwest quarter of the southwest quarter of Section 5 are  
20 the offsetting operators against whom Yates is encroaching  
21 in this application?

22 A That is true.

23 Q Okay. Identify for us what we've sub-  
24 mitted as Exhibit Number Two and describe what it shows.

25 A Exhibit Number Two is a combined poro-

1 sity and structure map. The solid lines are contoured on  
2 porosity feet in the Permo-Penn limestone bank facies we  
3 refer to as the Antelope Sink Zone. The dotted lines are  
4 structural contours on the top of the Antelope Sink Zone.  
5 The blue colored well spots indicate wells completed only  
6 in the Permo Penn Antelope Sink Zone. The red colored  
7 wells -- the red colored well spot indicates a well com-  
8 pleted only in the Morrow. Combined blue and red well  
9 spots indicate wells in which production is or has been  
10 from both the Permo-Penn and the Morrow.

11 Permo-Penn production has been assigned  
12 to the Eagle Creek Permo-Penn Gas Pool and Morrow produc-  
13 tion has been assigned to the Richard Knob Atoka-Morrow Gas  
14 Pool.

15 As the map shows, the solid porosity  
16 feet contours indicate that the best Permo-Penn porosity in  
17 the north half of Section 6 should be found in the south-  
18 east quarter of the northeast quarter of Section 6 where  
19 the proposed well is located.

20 Orthodox drilling locations to the west,  
21 or northwest would have less porosity and therefor produce  
22 less gas over the life of the well than the proposed loca-  
23 tion.

24 The black on gold numbers near blue well  
25 spots show the cumulative Permo-Penn production through

1 July of this year, 1988.

2 The cumulative production numbers cor-  
3 roborate the porosity feet contours and further indicate  
4 that the proposed location is the best allowable location  
5 in the north half of Section 6.

6 The dotted structure contours show  
7 regional dip to the southeast of 100 to 200 feet per mile  
8 on the top of the Permo-Penn Antelope Sink Zone.

9 Q Identify Exhibit Number Three for us,  
10 Mr. Beck, and describe it.

11 A Exhibit Number Three is a northwest to  
12 southeast stratigraphic cross section hung on a persistent  
13 Wolfcampian Shelf cycle we refer to as the Third Sister.  
14 Moving from northwest to the southeast the sedimentary  
15 facies in the Permo-Penn Antelope Sink interval change  
16 from tight shelf limestone to porous limestone banks to  
17 tight basin fill of clastics and limestones.

18 Cross plot porosity over 5 percent is  
19 colored in red on the logs and adds a third dimension to  
20 the porosity foot contours of Exhibit Two. The increase in  
21 porosity from northwest to southeast in the lime bank  
22 facies is reflected in the initial production figures and  
23 cumulative production figures shown at the base of the  
24 logs, 58 MCF, 324 per day, 1600 MCF a day and 4100  
25 (unclear) per day.

1           Q           In your opinion, Mr. Beck, will your  
2 proposed unorthodox location encounter less risk than would  
3 an orthodox location in the north half of Section 6?

4           A           Yes, it would.

5           Q           Were Exhibits One, Two, Three prepared  
6 by you or under your direction and supervision?

7           A           Yes, they were.

8                       MR. DICKERSON: Mr. Stogner,  
9 Exhibit Number Four is an affidavit of mailing under Rule  
10 1207, reflecting notice with return receipts attached to  
11 the offsetting operators.

12                      I move admission of Yates  
13 Exhibits One, Two, Three and Four at this time and I have  
14 no further questions of Mr. Beck.

15                      MR. STOGNER: Exhibits One,  
16 Two, Three and Four will be admitted into evidence at this  
17 time.

18

19                      CROSS EXAMINATION

20 BY MR. STOGNER:

21           Q           Mr. Beck, is there any Mississippian  
22 producing wells in this area?

23           A           No, sir, there really isn't. There has  
24 been some shows in the Mississippian and people have tried  
25 to complete it but I don't believe there's any -- any



1 production, recorded production.

2 Q Has any of these wells that you show on  
3 Exhibit Number Two, have they tested the Mississippian, or  
4 you mentioned that there had been some tests; are some of  
5 these wells them?

6 A We have taken some of these -- we take  
7 the wells down to the top of the Mississippian primarily  
8 to make sure we've gotten through all the basal Pennsylvanian  
9 sandstone, but sometimes we run into shows on a mud  
10 log and we've tried perforating them but usually don't make  
11 more than about 25 MCF a day, so we usually leave them behind  
12 and, you know, plug them off.

13 Q So the Mississippian in your particular  
14 case is more of a secondary test.

15 A That's true. It's -- we're -- we're  
16 going mainly for the Permo-Penn but as long as we're down  
17 that far, to 6500 feet or so, we decided to take it on down  
18 to look at anything that could be in the basal Penn, all  
19 the way through the Morrow, but the Morrow is not always  
20 prospective here, so we're locating this primarily on the  
21 Permo-Penn.

22 Q When was this particular well spudded,  
23 the subject well that we're talking about today?

24 A I can get that for you. We spudded it  
25 May the 25th of this year.

1           Q           May 25th of '88. Is there any -- and  
2 this was, when it was spudded it was a San Andres test, is  
3 that correct?

4           A           Yes, sir.

5           Q           And what is the depth of the San Andres  
6 out there?

7           A           It's TD'ed in the San Andres, what does  
8 it say? San Andres will be about approximately 622 feet  
9 and then we drilled on into it to 1425, set casing at 1070  
10 feet, I believe.

11          Q           Are there any San Andres producing wells  
12 surrounding this particular well?

13          A           No, sir. It's a far southwest step out  
14 to the Eagle Creek San Andres Field to the north, to the  
15 northeast.

16          Q           Does Yates usually complete a San Andres  
17 test like this with 8-5/8ths inch casing, 1075 feet, and --

18          A           No, sir, we really -- we had an -- I had  
19 an expiring lease in the east half of the northeast  
20 quarter, looking at the land map there, and we wanted to  
21 save that lease; however, we couldn't drill a deep test at  
22 that time, because the west half of the northeast quarter  
23 was unleased Federal acreage. So we had to wait until we  
24 could obtain that acreage and when we did we decided to put  
25 in for this hearing to seek a well on down for a 320-acre

1 proration unit.

2 So we saved our acreage with the San  
3 Andres, drilling the San Andres test.

4 MR. STOGNER: I have no fur-  
5 ther questions of this witness.

6 Are there any other questions  
7 of Mr. Beck?

8 MR. DICKERSON: No, sir.

9 MR. STOGNER: He may be ex-  
10 cused.

11 Mr. Dickerson, do you have  
12 anything further in this case?

13 MR. DICKERSON: No.

14 MR. STOGNER: Does anybody  
15 else have anything further in Case Number 9510?

16 This case will be taken under  
17 advisement.

18

19 (Hearing concluded.)

20

21

22

23

24

25

## 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 (Commission) 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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 9510,  
heard by me on 26 October 1988.

William E. Rogers, Examiner  
Oil Conservation Division

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGHOBBS, NEW MEXICOHearing Date OCTOBER 26, 1988 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
JANE W. BARTON	OXYGEN INC	Midland, TX
Bill Seitzer	OXY	Midland, TX
BILL BRYAN	OXYGEN INC	Tulsa, OK
Bill MURKIN	Phillips T-17	Oklahoma, TX
Robert STRAVES	" "	" "
SUSAN COWTRIGHT	PHILLIPS	ODESSA, TX
Ralph E Williams	Ralph Williams	Midland Texas
Ray Baker	Yates Pet	Atlanta
Joe Dickerson	Dickerson, Felt & Vordone	Astoria
SCOTTALL	Campbell & Black	SF
Arthur D Smith	Texaco Inc	Midland, TX
DENNIS WEHMEYER	TEXACO INC	HOBBS, NM
Charles Dickertor	Okey USA Inc.	Oklahoma City
R. H. McCune	Turco	Ocala
R. L. SHANNON	Texaco	Midland, TX
W. F. Kelshin	Kelshin & Associates	Midland, Texas
R. Baker	Bryman	Santa Fe
Bill Baker	BLM	" "

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date OCTOBER 26, 1988 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
<i>Earl L. Padilla</i> <i>Joe O. Ramsey</i> <i>Alvin L. Lamm</i>	<i>Padilla &amp; Snyder</i> <i>Grace</i> <i>GRACE OIL</i>	<i>SF</i> <i>Hobbs</i> <i>Carlsbad</i>