

# Yates Petroleum Corporation

**105 S. 4<sup>th</sup> Street**

**Artesia, NM 88210**

**Phone: 505-748-1471**

**Fax: 505-748-4585**



# Facsimile Transmission

Date: 9-12-02

Number Of Pages Including Cover Sheet: 8

**TO:**

Will Jones

Phone No.: 505-476-3448

FAX No.: 505-476-3462

**CC:**

**From:**

Sam Brandon

**Phone No.:****FAX No.:**

Remarks: ☐ Urgent ☐ For Your Review ☐ Reply ASAP ☐ Please Comment

[illegible]

MARTIN YATES, III  
1912 - 1989  
FRANK W. YATES  
1936 - 1988



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

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TREASURER

Mr. Will Jones  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Lakewood SWD No. 1

Dear Sir:

First, thanks for your call on the subject well. We did get a bit sidetracked but would like to get this resolved. Cherry Matchus checked on the request to change the well name and could not find any request. I believe that we put the "Lakewood SWD" on the application erroneously. How would you suggest we fix this? Would you prefer that we apply for a name change or can our application be modified to show the current name?

Cherry found that we somehow neglected to send a copy of the application to the State Land Office. A copy was faxed September 11. A copy of a letter indicating their receipt is included.

I am enclosing a well bore diagram of the well in its current state.

As we discussed this morning, our investigations concerning the reported gas volumes for the well in February and March 2000 indicate that the water volumes were mistakenly reported as gas sales volumes, possibly by the OCD. All gas was vented during the testing of this well and the produced water volumes match the gas volumes shown on P.I. Dwights reports. I've enclosed a copy of the daily production curve for the well for the time it was tested in the Canyon interval and copies of our C-115.

After testing the Canyon from December 2000 through August 2001, we are convinced that the Canyon at this location is not productive of gas or oil in commercial quantities. No oil was ever detected. The well was produced with a submersible pump during that time and produced only limited quantities of gas with the large volumes of water. We believe that the reason for the well being non-productive is that it is significantly down-dip from the production to the west where the pay is 7600' to 7800' with water production from any lower intervals. The top of the Canyon Dolomite occurs at approximately 7934' in the Lakewood #1. Surface elevations generally are lower from West to East as we approach the Pecos River.

Electric logs are not indicative of the origin of the small amount of gas that has been produced from the Lakewood #1. The well was perforated in the intervals with the highest porosity, 9 to 10% on the neutron curve but near 0% on the density curve.

Resistivity logs indicate that a slight amount of gas may be present throughout the interval.

Computing an accurate water injection radius is not possible. The Canyon Dolomite has low matrix porosity with natural fractures and vugular porosity not detectable on the logs. Gross height of the Canyon-Cisco Dolomite in the subject well is 377'. Net height is approximately 115'. With an average porosity of 3% and water saturation of 95%, 640 acres will hold about 16,273,000 barrels. At an average daily injection of 9000 BWPD, this volume can be injected in 5 years.

Logs indicate that there are massive shale and shaley lime intervals above and below the proposed injection interval. These will be sufficient to confine the injected water to the intended vertical interval. No data is available as to the direction of any induced fractures.

Hope the above answers some the questions about our C-108 submission. Please call with any additional questions you may have.

Sincerely



Sam Brandon  
Operations Engineer

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766

ADMINISTRATION  
Phone (505) 827-5700  
Fax (505) 827-5853

GENERAL COUNSEL  
Phone (505) 827-5713  
Fax (505) 827-4262

PUBLIC AFFAIRS  
Phone (505) 827-1245  
Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES  
Phone (505) 827-5724  
Fax (505) 827-6157

MINERAL RESOURCES  
Phone (505) 827-5744  
Fax (505) 827-4739

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

September 11, 2002

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210-2118

Attn: Ms. Cheryl Matchus

Re: Salt Water Disposal  
Application for Authorization for Injections  
Proposed Lakewood SWD Well 1  
C-108  
Section 30-19S-26E  
Eddy County, New Mexico

Dear Ms. Matchus:

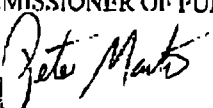
We are in receipt of your fax of September 11, 2002, regarding the above-captioned application.

This information has been forwarded to our Commercial Resources Division.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
PETE MARTINEZ  
Oil/Gas and Minerals Division  
(505) 827-5791

RP/PM/cpm  
xc: Reader File

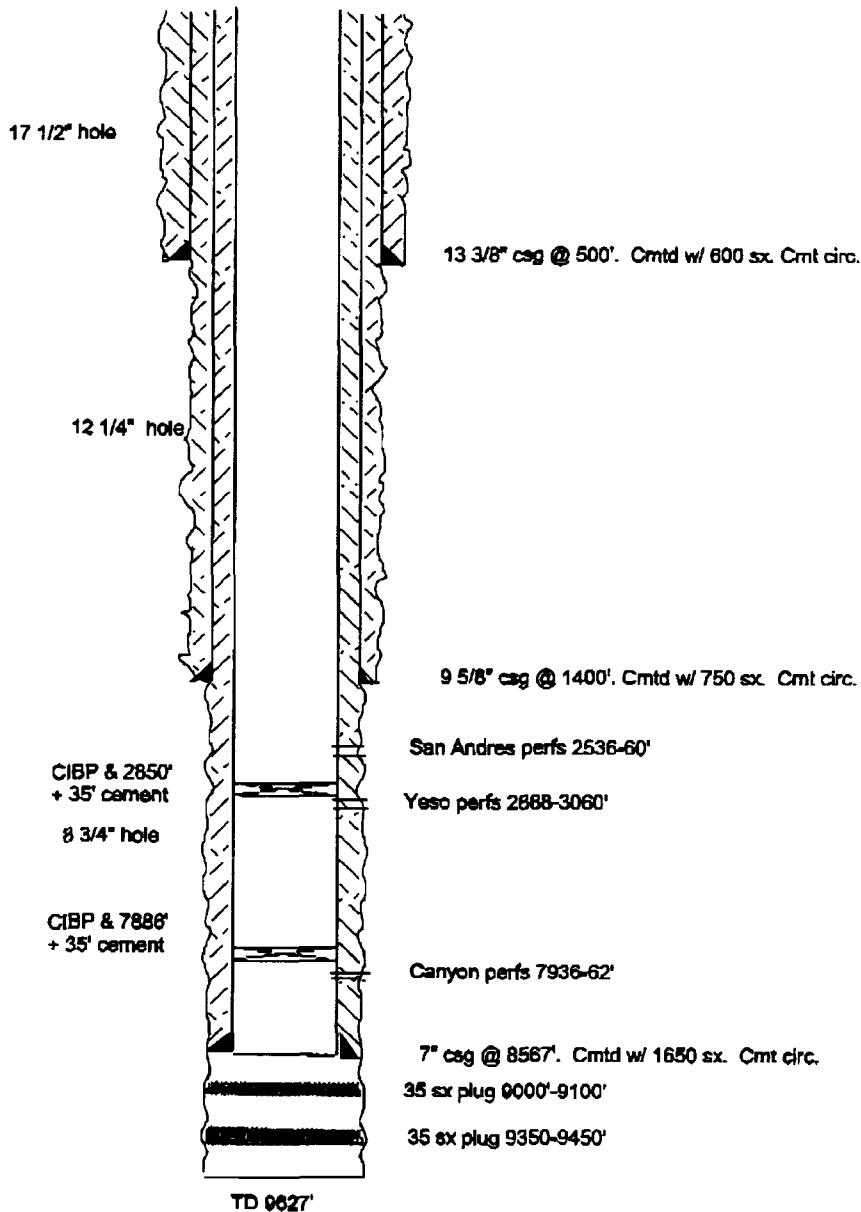
Well Name: Lakewood "AQE" SL No. 1 Field: \_\_\_\_\_Location: 1980' FNL & 1980' FWL Sec. 30-19S-28E Eddy Co., NMGL: 3422' Zero: \_\_\_\_\_ AGL: \_\_\_\_\_ KB: 3436'

Spud Date: \_\_\_\_\_ Completion Date: \_\_\_\_\_

Comments: \_\_\_\_\_

**Casing Program**

Size/Wt/Grade/Conn	Depth Set
13 3/8" 48#, H40 ST&C	500'
9 5/8" 36# K55 ST&C	1400'
7" 23 & 26# N80 & J55	8567'

**CURRENT CONFIGURATION**

SKETCH NOT TO SCALE

DATE: \_\_\_\_\_



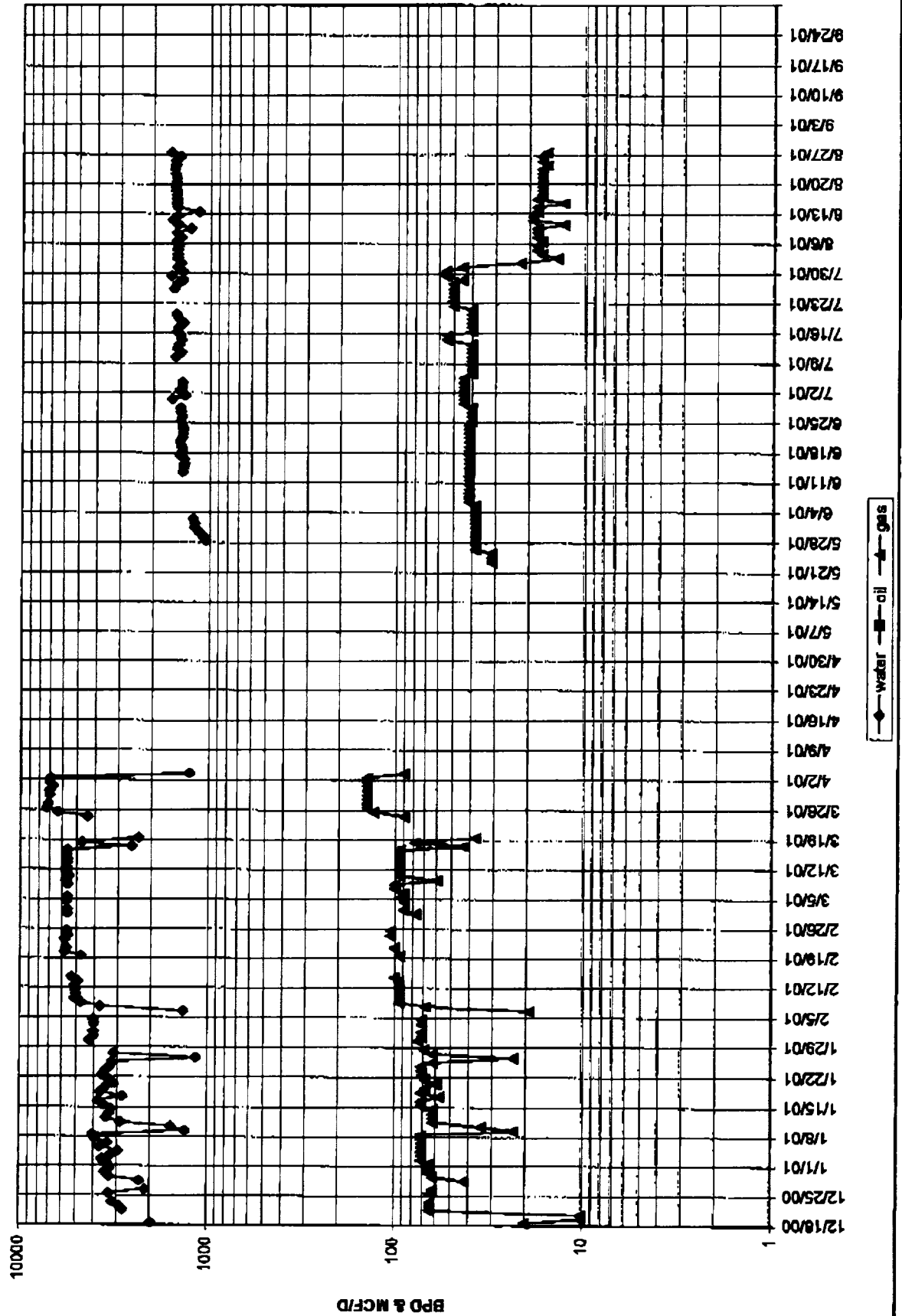
DISPOSITION OF OIL, GAS AND WATER

PRODUCTION

INJECTION

7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Well No. and Name	Volume Produced	Pressure	Water	Gas	Produced	Produced	Produced	Produced	Produced	Produced	Produced	Produced	Produced	Produced	Produced	Produced
APR 20																
021717 BIG FREEDOM UNIT																
001 0 10 245																
30 015-27734																
98794 INDIAN BASIN NORTH UNIT																
013465 HICKORY AVE FEDERAL																
005 11 18 245																
30 015-20040																
96187 WILCOX SOUTH																
021724 WILCOX EN COM																
002 5 31 145																
30 015-50910																
011926 INDIAN BASIN NORTH																
001 F 30 193																
30 015-22233																
96190 WILCOX NORTH																
021392 COMET NORTH																
001 0 28 118																
30 025-20040																

Lakewood AQE State No. 1  
Canyon Production





TRANSACTION REPORT

P. 01

SEP-12-2002 THU 09:57 AM

FOR:

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DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-12	09:54 AM	505 748 4585	3' 37"	8	RECEIVE	OK		