

Entered August 12, 1973
A.L.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5031
Order No. R-4609

APPLICATION OF YATES DRILLING
COMPANY FOR A WATERFLOOD PROJECT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 25, 1973,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of August, 1973, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Yates Drilling Company, seeks
authority to institute a waterflood project in the Artesia Metex
Unit Area, Artesia Pool, by the injection of water into the
Grayburg formation through 14 injection wells in Sections 24, 25,
26, 35, and 36, Township 18 South, Range 27 East, NMPM, and
Sections 19 and 30 of Township 18 South, Range 28 East, NMPM,
Eddy County, New Mexico.

(3) That the wells in the project area are in an advanced
state of depletion and should properly be classified as "stripper"
wells.

(4) That the proposed waterflood project should result in
the recovery of otherwise unrecoverable oil, thereby preventing
waste.

(5) That the operator should take all steps necessary to
ensure that the injected water enters only the proposed injection
interval and is not permitted to escape to other formations or
onto the surface from injection, production, or plugged and
abandoned wells.

-2-

Case No. 5031
Order No. R-4609

(6) That an administrative procedure should be established whereby additional injection and producing wells at orthodox and unorthodox locations in the project area may be approved without notice and hearing.

(7) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Drilling Company, is hereby authorized to institute a waterflood project in the Artesia Metex Unit Area, Artesia Pool, by the injection of water into the Grayburg formation through the following-described wells:

<u>OLD LEASE & WELL NO.</u>	<u>NEW TRACT & WELL NO. TR. NO.-WELL NO</u>	<u>UNIT</u>	<u>SECTION</u>	<u>TOWNSHIP SOUTH</u>	<u>RANGE EAST</u>	<u>NMPM</u>
State 648 Well #108	1 40	H	25	18	27	
State 648 Well #116	1 45	L	25	18	27	
State 648 Well #111	1 54	O	25	18	27	
McGurt "K" Well #1	3 6	K	24	18	27	
State "D" Well #1	6 20	P	24	18	27	
State "BW" Well #12	7 8	I	24	18	27	
Gulf State Well #1	10 12	K	19	18	28	
Eddy "CK" Well #1	13 26	A	26	18	27	
Eddy "CL" Well #1	16 56	A	35	18	27	
State "E" Well #3	17 28	C	25	18	27	
Hester St. Well #2	19 58	C	36	18	27	
State 647 Well #96	20 32	C	30	18	28	
State 647 Well #97	20 49	K	30	18	28	
MRY Well #2	22 41	E	30	18	28	

-3-
Case No. 5031
Order No. R-4609

(2) That prior to initial injection of water into any of said injection wells, the operator shall obtain the approval of supervisor of the Commission's Artesia district office as to the casing and cementing of said well.

(3) That injection into each of said wells shall be through cement-lined tubing, set in a packer which shall be located as near as practicable to the uppermost perforation, or in the case of open-hole completions, as near as practicable to the casing-shoe; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(4) That the operator shall immediately notify the supervisor of the Commission's Artesia district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) That the subject waterflood project is hereby designated the Yates Artesia Metex Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(6) The Secretary-Director of the Commission is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the Artesia Metex Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 660 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

(a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.

(b) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, and depth.

(c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant

-4-

Case No. 5031
Order No. R-4609

immediate approval, provided waivers of objection are received from all offset operators.

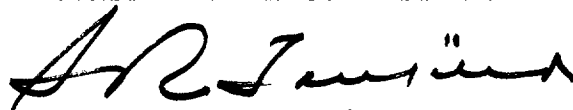
Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

(7) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

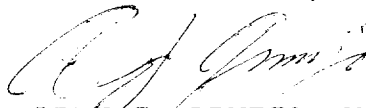
(8) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. TRUJILLO, Chairman



ALEX J. ARMIJO, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

dr/