

Entered June 30, 1982
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7597
Order No. R-7012

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 26, 1982,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of June, 1982, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Yates Drilling Company, seeks
authority to institute Phase I of a proposed 2-phase waterflood
project on its South Loco Hills (Grayburg) Unit Area, Loco Hills
Queen-Grayburg-San Andres Pool, by the injection of water into
the Grayburg formation through eight injection wells in Town-
ship 18 South, Range 29 East, NMPM, Eddy County, New Mexico,
described as follows:

Lease Name	Well No.	Unit Letter	Section
Travis	13	I	19
Travis	2	O	19
Wright Federal	6	E	20
Wright Federal	4	K	20
HEY 70	1	M	20
Fed. Sivley Alscott	4	C	29
Alscott	1	A	30
Alscott Federal	4	C	30

(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.

(6) That prior to commencement of injection into the above-described Phase I injection wells, operator should re-plug the following described previously abandoned wells to ensure that they do not provide an avenue of escape for waters from the proposed injection zones:

Well Name	No.	Unit Letter	Section
HEYCO Travis	9	H	19
DENTON Hover	1	O	20
TRIGG Fed. Sivley Wright	2-29	B	29
YATES Wright	1	J	29
WOOLEY Briscoe	1	F	30
TRIGG Fed. Sivley Alscott	5-30	C	30
SIMS & REESE Pure Fed.	1	L	19

all in Township 18 South, Range 29 East, NMPM.

(7) That prior to commencement of said Phase I injection operations, operator should consult with the supervisor of the Division's Artesia District Office to determine whether any additional cement plugs should be placed above 2970 feet in the Hondo Alscott Com. Well No. 4 in Unit G of Section 30, Township 18 South, Range 29 East, NMPM.

(8) That prior to commencement of injection into the as yet unauthorized Phase II injection wells, operator should replug the following described previously abandoned wells to ensure that they do not provide an avenue of escape for waters from the proposed injection zones:

Well Name	No.	Unit Letter	Section
HEYCO Donahue	1	F	19
HANSON Elliott A	1	E	19
SIMS & REESE Gulf State	1	P	24
HEYCO Gulf State	1	P	24

all in Township 18 South, Range 29 East, NMPM.

(9) That the injection wells or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 1500 psi, but the Division Director should have authority to increase said pressure limitation, should circumstances warrant.

(10) That the subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Drilling Company, is hereby authorized to institute a waterflood project on its South Loco Hills (Grayburg) Unit Area, Loco Hills Queen-Grayburg-San Andres Pool, by the injection of water into the Grayburg formation through the following described wells in Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico:

Lease Name	Well No.	Unit Letter	Section
Travis	13	I	19
Travis	2	O	19
Wright Federal	6	E	20
Wright Federal	4	K	20
HEY 70	1	M	20
Fed. Sivley Alscott	4	C	29
Alscott	1	A	30
Alscott Federal	4	C	30

(2) That conversion of the aforesaid wells to water injection shall constitute Phase I of a proposed 2-phase water injection project, Phase II to be initiated at a later date.

(3) That prior to commencement of injection into the above-described Phase I injection wells, operator shall re-plug the following described previously abandoned wells to ensure that they do not provide an avenue of escape for waters from the proposed injection zones:

Well Name	No.	Unit Letter	Section
HEYCO Travis	9	H	19
DENTON Hover	1	O	20
TRIGG Fed. Sivley Wright	2-29	B	29
YATES Wright	1	J	29
WOOLEY Briscoe	1	F	30
TRIGG Fed. Sivley Alscott	5-30	C	30
SIMS & REESE Pure Fed.	1	L	19

all in Township 18 South, Range 29 East, NMPM.

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(4) That prior to commencement of said Phase I injection operations, operator shall consult with the supervisor of the Division's Artesia District Office to determine whether any additional cement plugs should be placed above 2970 feet in the Hondo Alscott Com Well No. 4 in Unit G of Section 30, Township 18 South, Range 29 East, NMPM.

(5) That prior to commencement of injection into the as yet unauthorized Phase II injection wells, operator shall re-plug the following described previously abandoned wells to ensure that they do not provide an avenue of escape for waters from the proposed injection zones:

Well Name	No.	Unit Letter	Section
HEYCO Donahue	1	F	19
HANSON Elliott A	1	E	19
SIMS & REESE Gulf State	1	P	24
HEYCO Gulf State	1	P	24

all in Township 18 South, Range 29 East, NMPM.

(6) That injection into each of the wells herein authorized shall be through internally coated tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; 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.

(7) That the operator shall immediately notify the supervisor of the Division'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 or 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.

(8) That the injection wells herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 1500 psi, provided however, the Division Director may authorize a higher surface injection pressure upon satisfactory showing that such pressure will not result in fracturing of the confining strata.

(9) That the subject waterflood project is hereby designated the Yates South Loco Hills Grayburg Unit Waterflood Project and shall be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

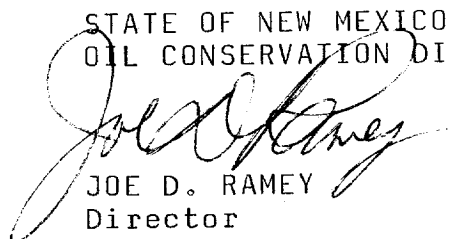
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(10) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

(11) That 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

JOE D. RAMEY
Director

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