

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. 8970
Order No. R-8330

APPLICATION OF YATES PETROLEUM
CORPORATION FOR SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 20, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 29th day of October, 1986, 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) By Division Order No. R-8277, dated August 14, 1986, the Division created and defined a pool for the production of oil from the Queen formation designated as the Sanmal-Queen Pool, with horizontal limits consisting of the SE/4 of Section 1, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) Said pool is currently governed by general statewide rules and regulations, including a limiting gas-oil ratio of 2000 cubic feet of gas per barrel of oil.

(4) The applicant, Yates Petroleum Corporation, seeks the adoption of temporary pool rules for said pool for a one-year period establishing a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil.

(5) The applicant is the owner and operator of the Hoover ADR State Well No. 1, located in Unit I, and the Sweet Thing AEB State Well No. 1 located in Unit J, both in said Section 1,

which are currently the only two producing wells located within said pool.

(6) The applicant presented testimony and evidence that indicates that reservoir energy is derived from a water drive mechanism, and that no gas cap appears to be present within said pool.

(7) Further testimony indicated that approval of the application would enable the applicant to economically justify the drilling of additional wells within said pool which in turn would provide further information about the reservoir characteristics.

(8) Approval of the application will afford the applicant the opportunity to produce its equitable share of the oil and gas within said pool without the waste of reservoir energy, will further enable the applicant to obtain additional reservoir information necessary to establish a permanent gas-oil ratio for the pool, and should be approved for a period of one year.

(9) This case should be reopened at an examiner hearing in November, 1987, at which time the operators in the subject pool should be prepared to appear and show cause why the Sanmal-Queen Pool should not be governed by a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

IT IS THEREFORE ORDERED THAT:

(1) Effective November 1, 1986, the limiting gas-oil ratio for the Sanmal-Queen Pool, Lea County, New Mexico, is hereby established at 5,000 cubic feet of gas per barrel of oil for a temporary period of one year.

(2) This case shall be reopened at an examiner hearing in November, 1987, at which time the operators in the subject pool may appear and show cause why the Sanmal-Queen Pool should not be governed by a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

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

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

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A handwritten signature in dark ink, appearing to read "R. L. Stamets", is written over the printed name.

R. L. STAMETS,
Director

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