

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10451
ORDER NO. R-9652

**APPLICATION OF YATES PETROLEUM CORPORATION
FOR A SPECIAL POOLWIDE DEPTH BRACKET OIL
ALLOWABLE, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 19, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of March, 1992 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) The applicant, Yates Petroleum Corporation, seeks a special poolwide depth bracket allowable, pursuant to Division (General) Rule 505(d), for the East Lusk-Delaware Pool currently comprising the W/2 and SE/4 of Section 26 and the NE/4 of Section 35, both in Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, whereby the allowable would be based on the deepest perforation (rather than the shallowest as provided for in General Rule 505(a)) in the wells presently producing from this pool.

(3) By Division Order No. R-8461, dated June 25, 1987 and made effective July 1, 1987, the Division created and defined the East Lusk-Delaware Pool for the production of oil from the Delaware formation, with its horizontal limits initially comprising the NW/4 of said Section 26. The discovery well for this pool was the Amoco Production Company Federal "AW" Well No. 1 located in the SW/4 NW/4 (Unit

E) of said Section 26 which was completed on January 26, 1987 through the perforated interval from 4848 feet to 4866 feet. The poolwide depth bracket allowable was therefore established pursuant to General Rule 505.A as 80 barrels of oil per day.

(4) Yates Petroleum Corporation currently owns and operates three Delaware producing oil wells in Section 35, the average top perforation is at a depth of 4700 feet with the average bottom perforation at 7700 feet. Evidence submitted by the applicant indicates that all three wells are capable of producing in excess of the current 80 barrels of oil per day allowable.

(5) Pursuant to said Rule 505.A the pool's assigned depth bracket allowable, as requested by the applicant, would be increased to 187 barrels of oil per day per 40-acre oil spacing and proration unit.

(6) Geological evidence indicates that the Delaware formation consists of several independent producing intervals ranging in thickness from ten to fifty feet, each zone having its own pressure. There is no indication at this time that the Delaware formation as a whole is being adversely affected by producing these separate zones simultaneously.

(7) The evidence presently available indicates that an increased rate of production from said pool will not result in damage to the reservoir nor have an adverse effect on the ultimate recovery from the pool but should instead be improved thereby.

(8) No offset operator or interested party appeared at the hearing in opposition to this application.

(9) Approval of the applicant's request for an increased oil allowable should serve to prevent waste and will not violate correlative rights.

(10) The Division Director should reserve the authority to adjust downward the depth bracket allowable should it appear correlative rights are being violated, waste is occurring or reservoir damage is suspected.

IT IS THEREFORE ORDERED THAT:

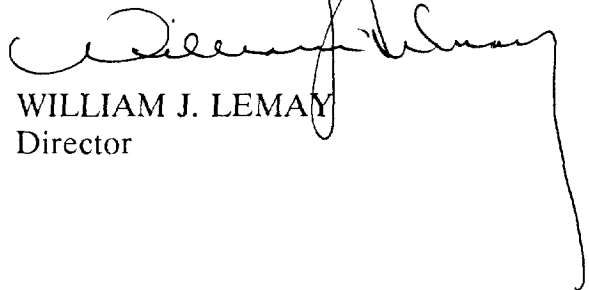
(1) Effective April 1, 1992, a special depth bracket allowable of 187 barrels of oil per day is hereby established for the East Lusk-Delaware Pool, Lea County, New Mexico.

(2) The Division Director may, at any time it appears that reservoir damage is apparent or other evidence of waste occurring, rescind the provision of the order and cause the top unit allowable for the East Lusk-Delaware Pool to be adjusted downward to an appropriate volume not less than 80 barrels of oil per day.

(3) 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



WILLIAM J. LEMAY
Director

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