



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION

1220 S. ST. FRANCIS DRIVE

SANTA FE, NM 87505

(505) 476-3440

(505) 476-3462 (Fax)

-3471 ENGR. FAX

PLEASE DELIVER THIS FAX:

TO:

SAM BRADON - Yates

FROM:

WILL JONES - NMOC D SANTA FE

DATE:

9/4/02

PAGES:

C+2

SUBJECT:

LAKWOOD SWD #1

*Sent
9/4/02*

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

September 4, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Sam Brandon
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Re: Administrative Application for SWD: Lakewood SWD Well No. 1
Section 30, T19S, R26E, NMPM, Eddy County, New Mexico.

Dear Mr. Brandon:

The division received your application August 1, 2002 and on August 30 called with concerns about converting this well to SWD status. We received faxed statements and a production plot – thank you. Some concerns remain, however, and are detailed below:

- 1) Please supply a well bore diagram showing the current well bore configuration before conversion.
- 2) Please send a copy of the request to change the well name.
- 3) Please provide evidence that notice has been sent to the State Land Office.
- 4) Our records show considerable discrepancy in gas production volumes from your supplied production plot. We show the well averaging 1.2mmcfg and 670bw per producing day in 2001. Please try to work this out with the Santa Fe OCD office (Fran Chavez), and give us a written statement detailing what production volumes are real and why the reported volumes were different (if so).
- 5) Concerning injection into this Canyon gas zone: Please provide some written statements about the potential of the Canyon to be productive of gas within this 1/2 mile area of review. Referring to the electric logs, which zones in the Canyon contributed to the water production and which zones made the gas? Estimate how much water will be injected over this well's lifetime and how large a circular water injection radius will be – include assumptions of effective porosity, height, saturations, etc. 3%
- 6) Please also add comments about relative rock stresses in this area. Are there confining rocks above and below to hold any rock partings to a horizontal direction versus vertical? What is the likely azimuth direction that induced fractures will go? Service (fracturing) companies sometimes have some of this data.

*Fractured
V. Gas
670bw*

*Fractured
V. Gas
DOLomite*

*Call Jennifer A. East
748-9203*

We will hold your application pending receipt of this information – as long as information is received in a timely manner. We think this still can be handled administratively. However, if you would prefer a hearing date to resolve any other issues, please advise.

If you have any questions, please call me at (505) 476-3448 or David Catanach at (505) 476-3466.

Sincerely,

A handwritten signature in black ink, appearing to read "William V Jones Jr.", with a long, sweeping horizontal line extending to the right.

William V Jones Jr. PE

cc: Oil Conservation Division – Artesia