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September 16, 1981

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mr. Joe Ramey

Re: Stonewall EP State Com well No. 4
1980' FNL & 660' FEL
Section 30-T20S-R28E
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation completed the Stonewall EP State Com well no. 4 on July 20, 1978, producing from the Morrow interval 11,136 feet to 11,181 feet at a rate of 21,043 MCFGPD. Through August 31, 1981, the well has produced 1,215,558 MCF of gas and 2,717 barrels of condensate. Remaining reserves are calculated to be on the order of 86,600 MCF of gas. Average production for the well during August 1981 was 232 MCFGPD. Average pipeline pressure at the well during August 1981 was 230 psig.

Yates Petroleum Corporation now plans to temporarily abandon the Morrow completion and recompleat in the Atoka interval 10,553 feet to 10,575 feet. Upon partial depletion of the Atoka to a point where Morrow and Atoka pressures are similar, it will be desired to commingle the Morrow and Atoka intervals for maximum ultimate hydrocarbon recovery. However, in the process of recompleting and commingling it is strongly desired not to place fluids in either zone. Our experience has shown that killing a well in an advanced state of depletion can result in loss of fluids into the well which will be difficult or impossible to recover. There is a risk that remaining reserves from the zone may be lost by killing it. Therefore, it is desired to temporarily abandon the Morrow in a manner which will not require killing the Atoka to restore Morrow production at a later date. Accordingly, the following procedure is recommended to provide initially for temporary abandonment of the Morrow and recompletion in the Atoka; and ultimately for commingling of the same two zones (please refer to enclosed wellbore sketches):

1. Set standing valve in packer above Morrow at 11,079 feet.
2. Unset tubing from on/off tool at 11,077.
3. Load hole with 2 percent KCL water.
4. Pull tubing out of well.
5. Install tubing conveyed perforating guns and packer on tubing.
6. Run tubing and downhole assembly back in hole.
7. Set packer at approximately 10,500 feet.
8. Perforate Atoka interval 10,553 feet to 10,575 feet.
9. Put Atoka completion on pipeline.

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

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O. C. D.
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