

CASE 3958: Application of YATES
PETROLEUM CORPORATION FOR A DUAL
COMPLETION & SALT WATER DISPOSAL.

Case Number

3958

Application

Transcripts.

Small Exhibits

ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 30, 1984

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5600

Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

Re: SWD Injection Permit
Johnston BE No. 1
Unit A, Sec. 8,
T-19-S, R-25-E,
Eddy County, N.M.

3958

Gentlemen:

In an effort to update our files regarding Salt Water Disposal Permits, we are requesting some information on the above-mentioned well. Our records show that your company was issued a SWD Injection Permit No. R-3609 by us on November 27, 1968. Our records also show that since that time, this well has not been used for salt water disposal. Since a great deal of time has passed since your injection permit was granted, we assume that it is no longer your intention to use this well for water disposal purposes.

We are requesting information on the present status of this well, and whether or not your company intends to utilize this well for water disposal purposes at this time or in the near future. We would appreciate a response to this letter within thirty days. If we have not had a written response within that period of time, the injection permit granted by us will be rescinded.

Thank you for your cooperation in this matter.

Sincerely,

David Catanach

DAVID CATANACH
Petroleum Engineer

DC/dr

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 20, 1968

IN THE MATTER OF:

Application of Yates Petroleum
Corporation for a dual completion
and salt water disposal, Eddy County,
New Mexico.

Case No. 3958

BEFORE: ELVIS A. UTZ

TRANSCRIPT OF HEARING

MR. UTZ: Case No. 3958.

MR. HATCH: Application of Yates Petroleum Corporation for a dual completion and salt water disposal, Eddy County, New Mexico.

MR. LOSEE: A. J. Losce, Artesia, New Mexico, appearing for the applicant. I have one witness, Mr. White.

MR. UTZ: Let the record show that this is the same witness that has testified in the previous case and was previously sworn.

(Applicant's Exhibits 1 through 4 marked for identification.)

* * * * *

PAUL G. WHITE, called as a witness, having been previously duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q You are the Paul White of Artesia, New Mexico, who is Production Superintendent for Yates Petroleum Corporation and whose qualifications have previously been accepted by the Commission?

A Yes, sir.

Q Mr. White, this is an application for a dual completion of three wells, salt water disposal and producing wells, is it not?

A Yes, sir, that's right.

Q Please refer to what has been marked as Exhibit 1A, being one of the two plats which shows the location of two of the injection wells, does it not?

A Yes, sir.

Q Which wells are they?

A The Exhibit 1A plat shows the A.W. Gerard No. 2 and the Nix-Curtis BH No. 1 well, and shows the two-mile radius as required by the Commission. Exhibit 1B plat shows the Johnston B E No. 1 Well and the two-mile radial area as required by the Commission.

Q Now, these wells, all three of them, are located in the same or adjoining townships, are they not?

A Yes, sir, that's right.

Q The plat shows the location of the offset operators and the offset producing wells?

A Yes, that's right.

Q From what zones are any of the wells shown on either of these plats producing?

A The three wells presently produce from the San Andres and the Yeso commingled.

Q Let me direct your attention to the other wells shown on these three plats, or these two plats, from what zones do they produce?

A They either produce from the San Andres-Yeso or from only the San Andres.

Q And there is no other production in these two townships?

A The only other production might be a Morrow Gas Well or two in the two-mile radius. There is no other production in the San Andres or Yeso except that operated by Yates Petroleum Corporation.

MR. UTZ: That would be the Monsanto well in Section 36?

THE WITNESS: Mr. Examiner, I believe that that well no longer is a producer.

MR. UTZ: Dry?

THE WITNESS: I think there's a possibility that the Marathon Wells shown in Section 29 are producing from the Morrow Gas on plat 1A.

MR. UTZ: : Both of them?

THE WITNESS: Yes, sir.

MR. UTZ: Or all three of them?

MR. LOSEE: Well, there's one in 20, is there not, also?

THE WITNESS: I know some of those are not presently productive.

MR. UTZ: But anyway they are deep wells?

THE WITNESS: Yes, sir, that is correct.

Q (By Mr. Losee) Please refer to Exhibit 2A which is a diagrammatic sketch of the Nix-Curtis B H No. 1 well and tell us what is proposed by this installation?

A This diagrammatic sketch shows the mechanical technique used in completing the well. The Nix-Curtis B H No. 1 has 9 and 5/8ths-inch casing at 1090, with cement circulated. The 7-inch casing is set at 3386 with a cement top by temp survey, 280 feet from surface. Then it goes into the proposed completion technique for produced water disposal, showing one string of 2 and 3/8ths-inch tubing internally coated, set through a packer at 2100 in order to inject produced water into the Yeso at 2292 to 3121, a second string of tubing 2 and 1/16th-inch O.D. to 1400 feet approximately, in order to pump and produce the San Andres oil from 1442 to 1684.

Q Now, this 9 and 5/8ths is set at 1090 do you know how far below the artesian water, this surface casing is set?

A At least 100 feet below the San Andres artesian water.

Q That's actually the field rules that are in force in this entire area, is it not?

A Yes, sir, in the entire Penasco Draw Field and Eagle

Creek Field, and anywhere in the water basin.

Q And when you set the surface, you satisfied the Oil Commission's Representative in the area as to the bottom of the artesian zone before he approved the setting of the surface pipe?

A Yes, sir, and they approved the grade and condition and size casing prior to running such. They approved and witnessed the cementing of such, and the casing depth of such. I might add, they did a very good job, too.

MR. UTZ: They are around, are they?

THE WITNESS: Right.

Q (By Mr. Losee) The injection tubing string is proposed to be internally coated in this well. Will you load the annulus and set a gauge on the surface?

A No, sir, Mr. Losee, this would be prohibitive in light of having to pump the San Andres oil with a short parallel string of tubing.

Q Please refer to what has been marked as Exhibit 2B, being the diagrammatic sketch of the A W Gerard No. 2 installation, and comment upon this.

A This is quite similar to the mechanical installation of the Nix-Curtis well, the 8 and 5/8ths casing set at 1065 with cement circulated to surface, the 5 and 1/2-inch production

casing set at 2622 with a cement top of 116 feet from surface by temperature survey. Again, we change our size of our injection string to 2 and 1/16-inch O.D. for fitting into 5 and 1/2 casing. It's internally coated and set through a packer at 1750, to inject produced water into the Yeso 1824 to 2572; again we run a parallel string of tubing to produce the San Andres oil from 1316 to 1696.

Q Please refer to Exhibit 2C, being the diagrammatic sketch of the Johnston B E No.1 and explain this installation.

A Here again, we have the surface casing 9 and 5/8ths at 1000 feet with cement circulated. The oil string set at 3219 with a cement top of 280 feet by temp survey. It shows the parallel strings of tubing, the injection string internally coated, set through a packer at 2000 feet, the San Andres string of tubing 2 and 3/8ths-inch to produce oil from the San Andres at 1270 to 1670.

Q Now, the same is true with respect to this well and the Gerard No. 2, that you will have to pump the San Andres?

A Yes, sir.

Q And you presently are?

A Yes, sir, all of the wells will have to be pumped.

Q And the same is true with respect to setting this surface pipe, at least a hundred feet below your base of your artesian aquifer?

A Yes, sir, that is correct.

Q Please refer to what has been marked 3A, being the log of the Nix-Curtis B H No. 1, and point out the producing intervals in the San Andres and the perforations in the Yeso or proposed injection interval.

A Would you like for me to point out the two zones on the log on each of the wells, Mr. Losee?

MR. LOSEE: Yes, it might help if we mark them on the Commission's copies.

MR. UTZ: Why don't you take these and mark them?

THE WITNESS: Will an upper and lower limit be all right, Mr. Examiner, on the perforated intervals?

MR. UTZ: Yes, that will be fine.

A On the Nix-Curtis No. 1, going downhole, the San Andres will be from 1442 to an overall limit of 1684, and in this overall interval the porous zones are selectively perforated so that the overall interval does not actually give the specific points at which oil will be produced from. In the Yesc, 2292, the topmost perforation, 3121, the bottom perforation, and there again, the Yeso occurs in small lenticular stringers of pay so that the specific perforations are not nearly as extensive as the overall interval indicates.

Going to the Gerard No. 2, the San Andres is 1316 to 1696, and I believe on the log furnished the Examiner, in

this case, the specific perforations are marked in green in the porosity. They Yeso perforations from topmost 1824 to 2572 and in the overall interval, there again there will probably be only three or four small zones of porosity perforated. On the Johnston B E No. 1, the San Andres perfs, overall interval 1270 to 1670, Yeso perfs 2120 to 2950. If the Commission would so desire I can prepare a tabulated sheet and send it in on these specific perforations in the overall intervals.

MR. UTZ: I think your well file probably shows that information, does it not?

A Yes, it does.

MR. UTZ: That will be satisfactory.

Q (By Mr. Losee) From what oil zone is the produced water into these three wells coming, from what producing oil zone?

A 95% of the produced water will come from the Yeso formation.

Q And the other 5% from the San Andres?

A From the San Andres, yes, sir.

Q So actually at least as to 95% of the water, it will be compatible with the water found in the Yeso into which you propose to inject?

A Yes, sir.

Q What volumes of water do you propose to inject into all three of these wells?

A Approximately 500 barrels of water per day.

Q And it would be a total figure of 500, it's not 1500?

A No, sir.

Q Do you anticipate that it will gravity into the zone, or will it be necessary to inject it under pressure?

A Mr. Losee, it wouldn't even be a scientific guess to say, I'm thinking that here again for a period of time we will get a gravity flow into the Yeso because of the displacement of produced water from these zones in the three wells. I do expect to incur some pressurized injection at a later date.

Q How much produced water, approximately, have you taken out of these three wells, do you have any estimate?

A Yes, sir, I would say in the neighborhood of 50,000 barrels per well.

Q What pressures would you expect to encounter or have to use to put the water into this zone after it quits gravity?

A I think with the history of the treatment, rates and pressures that we can expect an injection pressure not to exceed a thousand psi.

Q Now, referring to the Yeso Formation in the A W Gerard, No. 2, did you test that zone when you drilled it and if so, what were the results of the test?

A A most recent test on the well indicated 120 barrels of water per day and a trace of oil.

Q Have you produced that well out of the Yeso?

A Yes, sir, continuously since its completion.

Q At this point, do you feel like it's economical to produce from the Yeso?

A No, sir, I do not.

Q Now, referring to the Nix-Curtis Well, have you recently tested it?

A Yes, sir, we did. We produced 68 barrels of water in 24 hours and a trace of oil.

Q Here again, is this well heretofore produced from the Yeso?

A Yes, sir, continuously since completion.

Q And in your opinion, is it economical to produce at this time?

A No, it is no longer economical.

Q Have you recently tested the Johnston B E Well?

A Yes, sir, and from the Yeso formation, we produced 24 barrels of water per day and one barrel of oil.

Q And here again, is that well uneconomical to produce?

A It is uneconomical.

Q Mr. White, do you have an opinion as to whether the disposal of water into these three wells in the manner proposed in the application creates any danger to oil, gas or fresh water reservoirs?

A No, sir, I do not.

Q Exhibit 4 is the data sheet from which you have just testified, is it not?

A Yes, sir.

Q Were Exhibits 1 through 4 prepared by you or under your direction?

A Yes, sir, they were.

MR. LOSEE: Mr. Examiner, we move to introduce Exhibits 1 through 4.

MR. UTZ: Without objection, Exhibits 1 through 4 will be entered into the record in this case.

(Whereupon, Exhibits 1 through 4
offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. White, how is the oil in this area, particularly from the San Andres, is it corrosive?

A Yes, sir, we do have some corrosiveness from the oil in the San Andres.

Q How will you be able to detect any possible leakage from your injection string if the corrosive oil should eat through?

A Well, sir, we would have a, we have a very low rate of water production from the San Andres oil zone and under injection into the parallel string or tubing, we would get an immediate affect into the annular space which we would be pumping and through just periodic tests would be my idea of checking to see that we have no communication between the two strings.

Q Now, the Oil Commission has designated both the San Andres and the Yeso as producing zones in this pool, have they not?

A Yes, sir, this is correct.

Q How much separation do you think there is between the San Andres and the Yeso?

A At least, generally speaking --

Q That is, no vertical communication?

A No, sir, there is no vertical communication.

Q So the water you inject into the Yeso will stay in the Yeso and won't work its way up into the San Andres?

A No, sir, it will not.

MR. UTZ: Any further questions? The witness will be excused.

(Witness excused.)

MR. UTZ: The case is taken under advisement and the hearing is adjourned until 1:30.

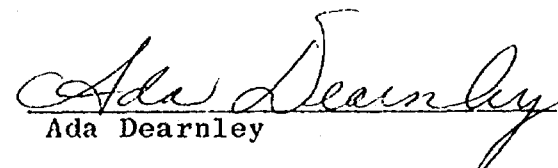
I N D E X

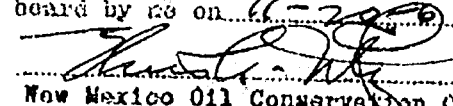
WITNESS		PAGE
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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand this 2nd day of December, 1968.


 Ada Dearnley

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3858, heard by me on 11-29-68, 1968.

 Examiner
 New Mexico Oil Conservation Commission

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 2068
SANTA FE

November 27, 1968

Mr. A. J. Losee
Attorney at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: Case No. 3958
Order No. R-3609
Applicant:
Yates Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other State Engineer Office

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3958
Order No. R-3609

APPLICATION OF YATES PETROLEUM
CORPORATION FOR THREE DUAL COMPLE-
TIONS AND SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:30 a.m. on November 20, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 27th day of November, 1968, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks authority to dually complete the following three wells in the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, as follows:

Nix-Curtis BH Well No. 1, located in Unit I of Section 25, Township 18 South, Range 25 East, NMPM, in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1442 feet to 1684 feet through 2 1/16-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 2292 feet to 3121 feet

-2-

CASE No. 3958
Order No. R-3609

through a parallel string of 2 3/8-inch plastic-lined tubing, with separation of zones by a packer set at approximately 2100 feet;

A. W. Gerard Well No. 2, located in Unit J of Section 25, Township 18 South, Range 25 East, NMPM, in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1316 feet to 1696 feet through 2 1/16-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 1824 feet to 2572 feet through a parallel string of 2 1/16-inch plastic-lined tubing, with separation of zones by a packer set at approximately 1750 feet; and

Johnston BE Well No. 1, located in Unit A of Section 8, Township 19 South, Range 25 East, NMPM, in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1270 feet to 1670 feet through 2 3/8-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 2120 feet to 2950 feet through a parallel string of 2 1/6-inch plastic-lined tubing, with separation of the zones by a packer set at approximately 2000 feet.

(3) That the mechanics of the proposed dual completions are feasible and in accord with good conservation practices.

(4) That approval of the proposed dual completions as set out above will prevent the drilling of unnecessary wells, and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation, is hereby authorized to dually complete the following three wells in the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, as follows:

Nix-Curtis BH Well No. 1, located in Unit I of Section 25, Township 18 South, Range 25 East, NMPM, in such a

-3-

CASE No. 3958

Order No. R-3609

manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1442 feet to 1684 feet through 2 1/16-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 2292 feet to 3121 feet through a parallel string of 2 3/8-inch plastic-lined tubing, with separation of zones by a packer set at approximately 2100 feet;

A. W. Gerard Well No. 2, located in Unit J of Section 25, Township 18 South, Range 25 East, NMPM, in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1316 feet to 1696 feet through 2 1/16-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 1824 feet to 2572 feet through a parallel string of 2 1/16-inch plastic-lined tubing, with separation of zones by a packer set at approximately 1750 feet; and

Johnston BE Well No. 1, located in Unit A of Section 8, Township 19 South, Range 25 East, NMPM, in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1270 feet to 1670 feet through 2 3/8-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 2120 feet to 2950 feet through a parallel string of 2 1/16-inch plastic-lined tubing, with separation of zones by a packer set at approximately 2000 feet;

PROVIDED HOWEVER, that the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-4-
CASE No. 3958
Order No. R-3609

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



David F. Cargo
DAVID F. CARGO, Chairman

Guxton B. Hays
GUXTON B. HAYS, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

esr/

DIAGRAMMATIC SKETCH PROPOSED DUALY
COMPLETED OIL - SWD WELL
YATES PETROLEUM CORP.
NIX-CURTIS BH NO. 1

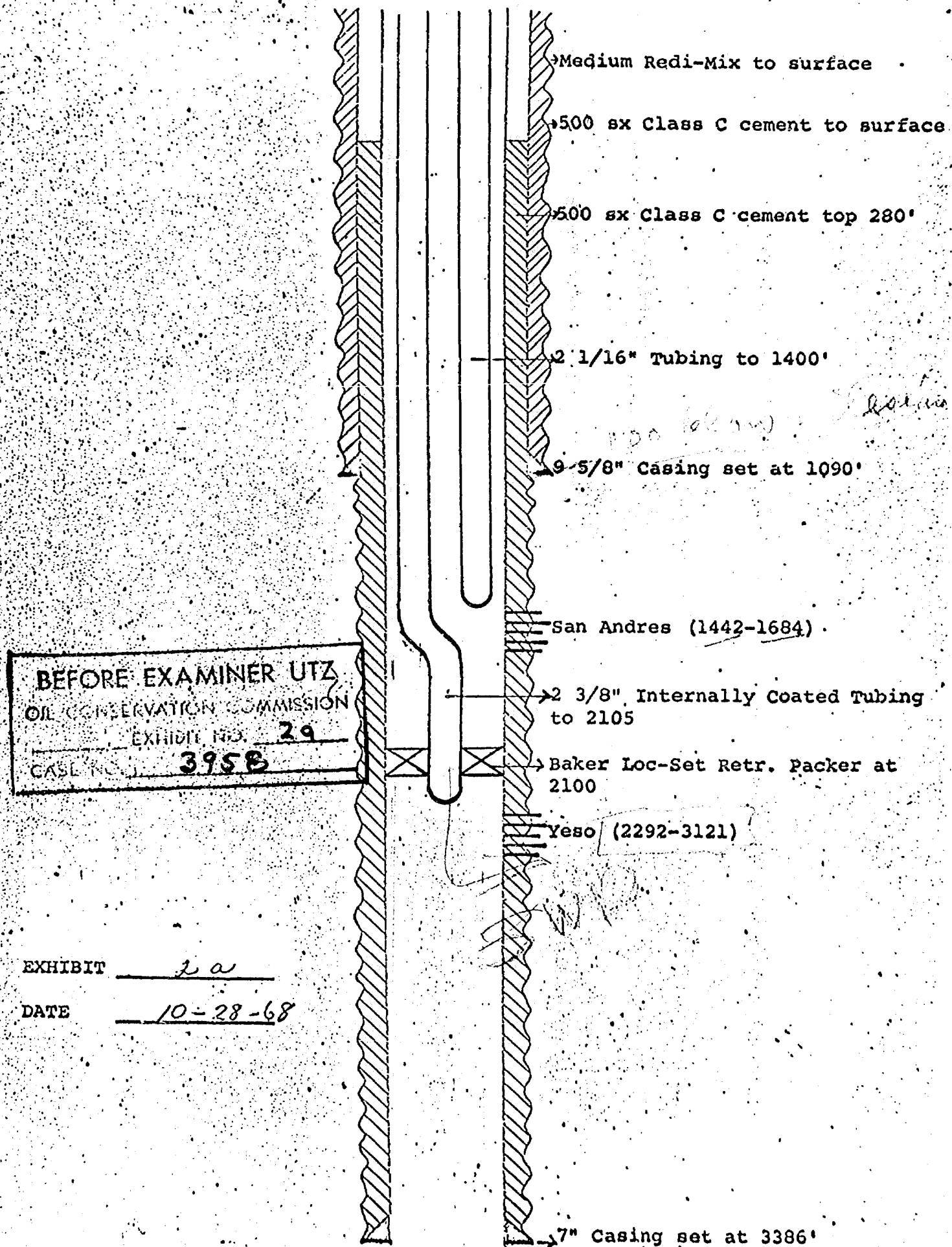
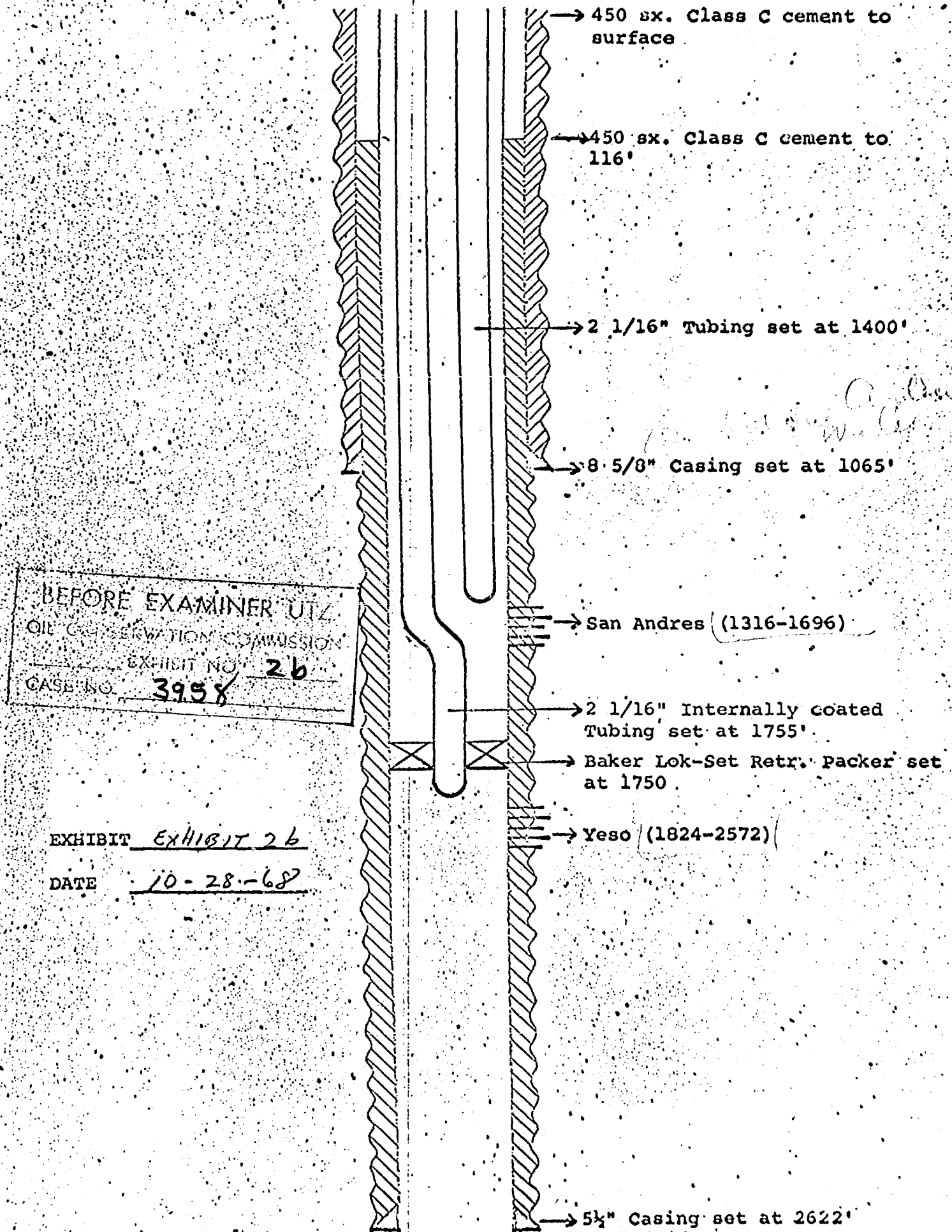


EXHIBIT 2 a

DATE 10-28-68

DIAGRAMMATIC SKETCH PROPOSED DUALY
COMPLETED OIL - SWD WELL
YATES PETROLEUM CORP..
A.W. GERARD NO. 2

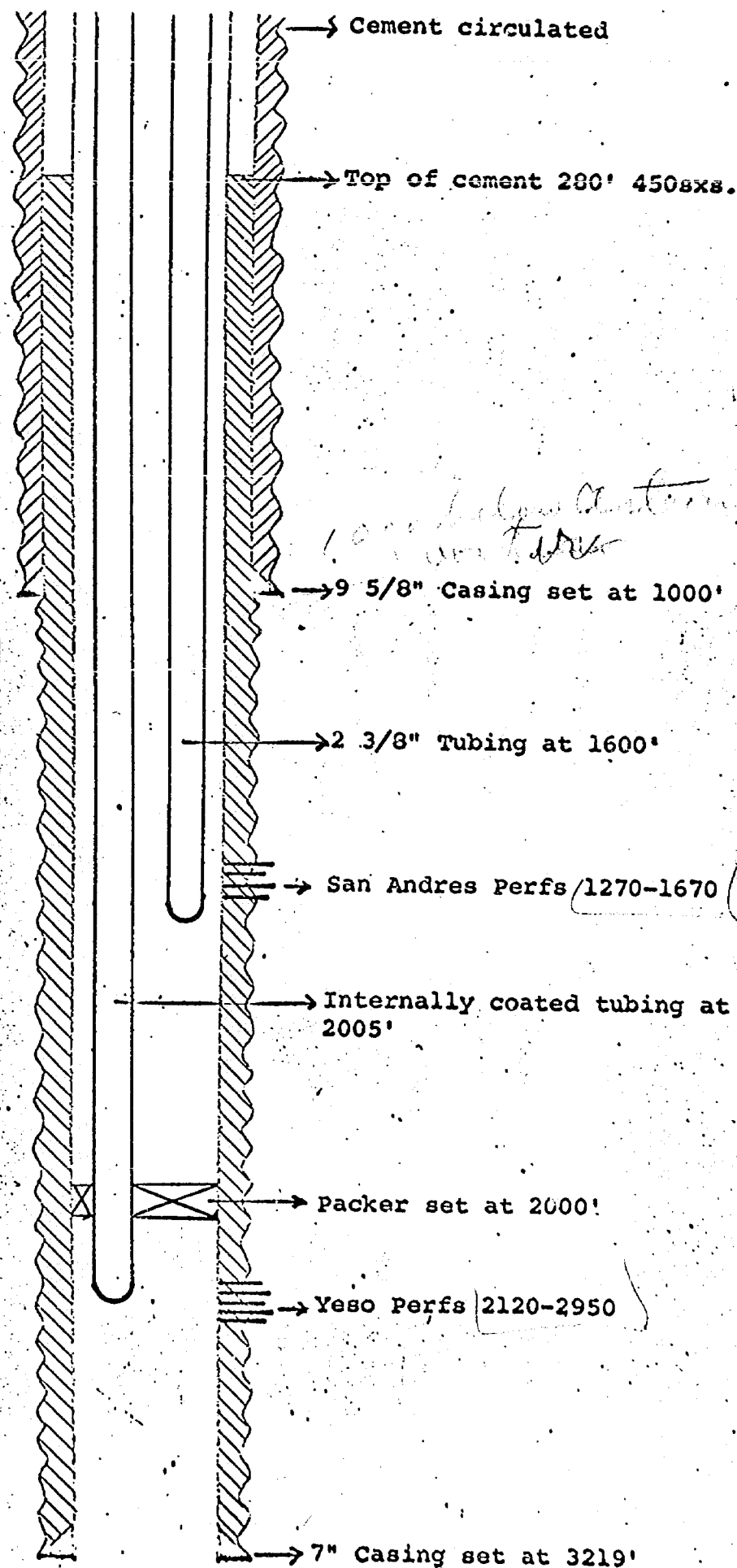


DIAGRAMMATIC SKETCH PROPOSED
DUALY COMPLETED OIL - SWD WELL
YATES PETROLEUM CORP.
JOHNSTON BE NO. 1

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2C
CASE NO. 3958

EXHIBIT 2C

DATE 10-28-68



YATES PETROLEUM CORPORATION
PERTINENT DATA SHEET

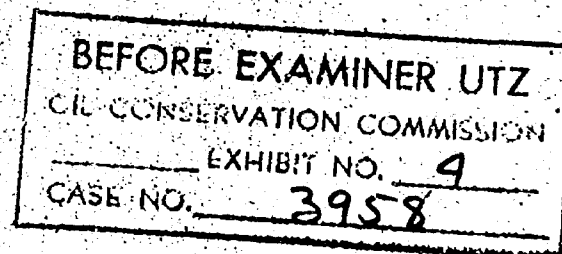
1. Produced salt water will be injected into the Yeso Formation at (2292-3121) in the Nix-Curtis BH No. 1 well and into the Yeso Formation at (1824-2572) in the A. W. Gerard No. 2 well and into the Yeso Formation at (2120-2950) in the Johnston BE No. 1 well.
2. The produced water to be injected is produced from the Yeso and San Andres oil wells in the area.
3. The produced water is predominantly Yeso water and will be compatible to injection into the Yeso Formation.
4. The volume of water injected will approximate 500 BPD.
5. The Yeso Formation in the (3) subject wells has been tested and produces as follows: A. W. Gerard No. 2, trace of oil, 120 BWPB; Nix-Curtis BH No. 1, trace of oil, 68 BWPB; Johnston BE No. 1, 1 BOPB, 24 BWPB. All are uneconomical producers from Yeso Formation.

EXHIBIT

4

DATE

10 - 28 - 68





YATES BUILDING - 207 SOUTH 4TH ST.
ARTESIA, NEW MEXICO - 88210

S. P. YATES
PRESIDENT
HARVEY E. YATES
VICE PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
HUGH W. PARRY
SEC. - TREAS.

October 15, 1968

gsma
State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501 *Case 3958*

Attn: Secretary Director, Mr. A. L. Porter Jr.

Re: Dual Completion of (3)
Wells for Oil Production
and Salt Water Disposal

Dear Sir:

The Yates Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission set for hearing as soon as possible a case for the dual completion of the following wells:

A. W. Gerard No. 2 Unit J Sec. 25-T18S-R25E Eddy Co.
Nix-Curtis BH No. 1 Unit I Sec. 25-T18S-R25E Eddy Co.
Johnston BE No. 1 Unit A Sec. 8-T19S-R25E Eddy Co.

The Yates Petroleum Corporation seeks authority to produce oil from the San Andres Formation and to dispose of produced salt water into the Yeso Formation in the subject wells.

This application is accompanied by (1) plat of area (2) diagrammatic sketch of subject wells (3) logs on subject wells (4) pertinent data sheets.

Copies of this application for hearing and all exhibits pertaining thereto have been sent to all offset operators and the USGS.

Sincerely,

Paul G. White

Paul G. White

PGW/gs

DOCKET MAILED

Date 11-7-68

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3958

Order No. R- 3609

THREE

APPLICATION OF YATES PETROLEUM
CORPORATION FOR A DUAL COMPLETIONS
AND SALT WATER DISPOSAL, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ^{8:30} 9 a.m. on November 20, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of November, 1968, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks
authority to complete ^{dual} ~~its~~ ^{the} following three wells in the Penasco
Draw San Andres-Yeso Pool, Eddy County, New Mexico, ~~as dual com-~~
~~pletions to permit the production of oil and disposal of salt~~ ^{produced}
water as follows:

Nix-Curtis BH Well No. 1, located in Unit I of Section

25, Township 18 South, Range 25 East, NMPM, ~~WMA~~ in such

a manner as to permit the production of oil from the

San Andres formation in the perforated interval

from approximately 1442 feet to 1684' through 2 1/6-inch

tubing, and to permit the disposal of

produced salt water into the Yeso formation in the

perforated interval from approximately 2292 feet *through a parallel string of 2 3/8-inch elastico-lined tubing,* to 3121 feet, with separation of zones by a packer

set at approximately 2100 feet;

A. W. Gerard Well No. 2, located in Unit J of Section 25, Township 18 South, Range 25 East, NMPM, in such

a manner as to permit the production of oil from the

San Andres formation in the perforated interval from approximately 1316 feet to 1696 feet through

2 1/16-inch tubing, and to permit the disposal

of produced salt water into the Yeso formation in the

perforated interval from approximately 1824 feet *through a parallel string of 2 1/16-inch elastico-lined tubing,* to 2572 feet, with separation of zones by a packer set

at approximately 1750 feet; and

Johnston BE Well No. 1, located in Unit A of Section

8, Township 19 South, Range 25 East, NMPM, in such

a manner as to permit the production of oil from the

San Andres formation in the perforated interval from approximately 1270 feet to 1670 feet through

2 3/8-inch tubing, and to permit the disposal

of produced salt water into the Yeso formation in the

perforated interval from approximately 2120 feet *through a parallel string of 2 1/16-inch elastico-lined tubing,* to 2950 feet, with separation of zones by a packer

set at approximately 2000 feet.

(3) That the mechanics of the proposed dual completions are feasible and in accord with good conservation practices.

~~(4) That the produced salt water should be continuously treated prior to injection to prevent casing and tubing corrosion, and coupon corrosion tests should be conducted continuously on said wells and the results thereof filed quarterly with the~~

Commission until further notice from the Secretary-Director of the Commission.

(b) That approval of the proposed dual completions as set out above will prevent the drilling of unnecessary wells, and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation, is hereby authorized to complete ^{dual} its following three wells in the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, as ~~dual completions to permit the production of oil and disposal of produced salt water~~ as follows:

Nix-Curtis BH Well No. 1, located in Unit I of Section 25, Township 18 South, Range 25 East, NMPM — in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1442 feet to 1684 feet through 2 1/16-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the

perforated interval from approximately 2292 feet ^{through a parallel string of 2 3/8-inch perforated - lined tubing,} to 3121 feet, with separation of zones by a packer set at approximately 2100 feet;

A. W. Gerard Well No. 2, located in Unit J of Section 25, Township 18 South, Range 25 East, NMPM — in such a manner as to permit the production of oil from the San Andres formation in the perforated interval from approximately 1316 feet to 1696 feet through

2 1/16-inch tubing, and to permit the disposal of produced salt water into the Yeso formation in the perforated interval from approximately 1824 feet

through a parallel string of 2 1/8 inch plastic-lined tubing
to 2572 feet, with separation of zones by a packer set
at approximately 1750 feet; and

Johnston BE Well No. 1, located in Unit A of Section
8, Township 19 South, Range 25 East, NMPM — in such
a manner as to permit the production of oil from the
San Andres formation in the perforated interval
from approximately 1270 feet to 1670 feet through

2 3/8 inch tubing, and to permit the disposal
of produced salt water into the Yeso formation in the

perforated interval from approximately 2120 feet
through a parallel string of 2 1/8 inch plastic-lined tubing
to 2950 feet, with separation of zones by a packer

set at approximately 2000 feet;

~~PROVIDED HOWEVER, that the produced salt water shall be con-
tinuously treated prior to injection to prevent casing and tubing
corrosion, and provided further, that coupon corrosion tests shall
be conducted continuously on said wells and the results thereof
filed quarterly with the Commission until further notice from the
Secretary-Director of the Commission;~~

~~PROVIDED ^{However} FURTHER,~~ that the applicant shall submit monthly
reports of its disposal operations in accordance with Rules 704
and 1120 of the Commission Rules and Regulations.

(2) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem necessary.

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