

Entered November 18, 1981
JLR

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. 7389
ORDER NO. R-5353-F

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN AMENDMENT TO
DIVISION ORDER NO. R-4365, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of November, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Associated Pool, by amending Rule 5(b) to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9(a) to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.

(3) That effective February 1, 1977, Division Order No. P-4365 was superseded by Division Order No. R-5353 and the subject application was amended at the time of the hearing to reflect this change.

(4) That the applicant has recently developed producing Yeso formation oil wells on acreage dedicated to San Andres formation gas wells in said associated pool.

(5) That such oil wells are not in direct or effective communication with the San Andres gas reservoir.

(6) That permitting the simultaneous dedication of acreage to gas wells and oil wells in said pool may provide for more efficient and economic production therefrom provided that simultaneous dedication in the same formation is prohibited.

(7) That gas-liquid ratios in said pool have stabilized.

(8) That the annual gas-liquid ratio test period sought will provide the Division sufficient data with which to regulate said pool.

(9) That the amendment of Rule 5(b) and Rule 9(a) of the Special Rules and Regulations for the Penasco Draw-San Andres-Yeso Associated Pool will not result in waste nor violation of correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That Rule 5(b) of the Special Rules and Regulations for the Penasco Draw-San Andres-Yeso Associated Pool contained in Division Order No. R-5353, as amended, is hereby amended to read in its entirety as follows:

"RULE 5. (b). The simultaneous dedication of any acreage to an oil well and a gas well within the same formation is prohibited."

(2) That Rule 9(a) of the Special Rules and Regulations for said Penasco Draw-San Andres-Yeso Associated Pool is hereby amended to read in its entirety as follows:

"RULE 9. (a) Annual gas-liquid ratio tests shall be taken on all wells during each year in accordance with a test schedule prepared by the district office of the Division. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Division Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Division a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the appropriate district office of the Division may grant an exception to the above test requirements where it is demonstrated that the well(s) produce(s) no liquids.

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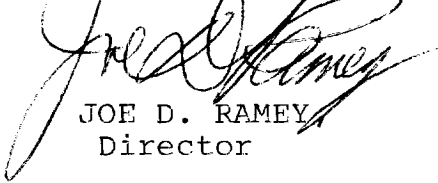
Special tests shall also be taken at the request of the Division Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Division and offset operators."

(3) That the effective date of this order and of the special pool rule amendments contained herein shall be October 1, 1981.

(4) That 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



JOE D. RAMEY
Director

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