

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. 8502
Order No. R-8000

APPLICATION OF YATES DRILLING
COMPANY FOR A PRESSURE MAINTENANCE
PROJECT, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 13, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 8th day of August, 1985, 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 Drilling Company, seeks authority to institute a pressure maintenance project in the Southeast Chaves Queen Area Associated Pool by the injection of water into the Queen formation through a perforated interval from approximately 2991 feet to approximately 2997 feet in its Doyal Well No. 3 located 1980 feet from the South line and 990 feet from the East line of Section 27, Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico.

(3) Royalty interest owners in the project area appeared in protest to the proposed pressure maintenance project.

(4) The working interest in the project area is common throughout, but the royalty interest is not common throughout the proposed pressure maintenance project area.

(5) The proposed pressure maintenance project area has not been unitized.

(6) The applicant presented testimony indicating that the proposed pressure maintenance project may result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(7) The applicant presented insufficient evidence to show that the correlative rights of the royalty interest owners to receive their fair share of production from the proposed pressure maintenance project area would not be adversely affected.

(8) The pressure maintenance project as proposed does not adequately protect correlative rights.

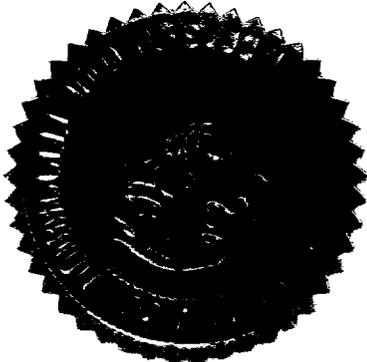
(9) The applicant's request to institute the proposed pressure maintenance project should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of Yates Drilling Company to institute a pressure maintenance project in the Southeast Chaves Queen Area Associated Pool in Chaves County, New Mexico, is hereby denied.

(2) 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS
Director

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