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December 12, 1995

PLEASE REPLY TO SANTA FE

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application of Enserch Exploration, Inc. for Amendment to Special Pool
Rules for the South Black River-Delaware Pool, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Enserch Exploration, Inc. for Amendment of Special Pool Rules for the South Black River-Delaware Pool to provide for an increase in the present gas-oil ratio limitation of 10,000 cubic feet for each barrel of oil produced to 20,000:1. The present vertical limits of the South Black River-Delaware Pool consist of Section 2: SE/4 NE/4, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico.

Please note that the provisions of Order No. R-10389 provide that Case No. 11280 is to be reopened in January of 1996 in order to allow the NMOCD to take additional evidence preparatory to the promulgation of permanent pool rules for the South Black River-Delaware Pool. It is requested that this application and Case No. 12280 be set for examiner hearing on January 11, 1996 and that the two matters be consolidated for purposes of taking testimony.

Very truly yours,

MILLER, STRATVERT, TORGERSON
& SCHLENKER, P.A.

J. Scott Hall

JSH/ag
Enclosure

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
ENSERCH EXPLORATION, INC. TO AMEND
SPECIAL POOL RULES FOR THE SOUTH BLACK
RIVER DELAWARE POOL,
EDDY COUNTY, NEW MEXICO

CASE NO. 11447

RECEIVED

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APPLICATION

Oil Conservation Division

Enserch Exploration, Inc., by and through its undersigned attorneys, Miller, Stratvert, Torgerson & Schlenker, P.A., hereby makes application to the Oil Conservation Division for an order amending the Special Pool Rules for the South Black River-Delaware Pool to increase the limiting gas-oil ratio to 20,000 cubic feet of gas per barrel of oil. In support, Applicant would show the Division:

1. The subject pool was discovered by Dalen Resources Oil and Gas Company's Murchison State 2 No. 1 well located in Unit H in Section 2, Township 25 South Range 26 East NMPM, Eddy County, New Mexico which is producing from the Delaware formation.
2. By Order No. R-10389 entered on June 8, 1995 in Case No. 11280, the Division created the South Black River-Delaware Pool and established Temporary Special Rules and Regulations providing for a special depth bracket allowable of 250 barrels of oil per day and a limiting gas-oil ration of 10,000 cubic feet of gas per barrel of oil produced. The Order further provided that Case No. 11280 should be reopened in January of 1996 to allow operators in the pool to present geologic and engineering evidence relative to the establishment of permanent pool rules.

3. Since the entry of Order R-10389, Dalen Resources Oil and Gas Company has been acquired by Enserch Exploration, Inc. and Applicant is now the operator of the Murchison State 2 No. 1 well.

4. Applicant proposes to recomplete the Murchison State 2 No. 1 well in a potentially productive oil sand at approximately 4,800' in the Brushy Canyon member of the Delaware formation. The subject well is offset by Chevron's Marquardt No. 7 well located approximately 330' from the west line of Section 1. Production information from the Murchison State 2 No. 1 well and the Chevron offset well indicates that liquids cannot be efficiently and economically produced from the reservoir under the present gas-oil ratio limitation of 10,000:1.

5. Applicant requests that said Special Pool Rules be amended to provide for a limiting gas oil ratio of 20,000 cubic feet of gas for each barrel of oil produced.

6. Authorization of the development of this pool with the limiting gas-oil ratio requested will increase production from the pool and will result in the recovery of hydrocarbons that will otherwise not be recovered.


7. Granting this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Enserch Exploration, Inc. requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division at its hearing scheduled for January 11, 1996, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other and further relief as is deemed appropriate.

Respectfully submitted,

MILLER, STRATVERT, TORGERSON &
SCHLENKER

By

A handwritten signature in black ink, appearing to read "J. Scott Hall", written over a horizontal line.

J. SCOTT HALL

Attorneys for Enserch Exploration, Inc.

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