

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:) CASE NO. 12,179
)
IN THE MATTER OF CASE 12,179 BEING)
REOPENED PURSUANT TO THE PROVISIONS OF)
DIVISION ORDER NO. R-11,208, WHICH ORDER)
PROMULGATED TEMPORARY SPECIAL POOL RULES)
FOR THE EAST HOBBS-SAN ANDRES POOL IN)
LEA COUNTY, NEW MEXICO)
_____)

OFFICIAL EXHIBIT FILE

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

November 15th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, November 15th, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

NOMENCLATURE
CASE NO. 12179 (Reopened)
ORDER NO. R-11208-A

IN THE MATTER OF CASE 12179 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-11208, WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL RULES FOR THE EAST HOBBS-SAN ANDRES POOL IN LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 15, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of January, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Division Order No. R-132 issued in Case No. 338, dated March 26, 1952, the New Mexico Oil Conservation Commission created and defined the East Hobbs-San Andres Pool (**pool code: 32300**) for the production of oil from the San Andres. The horizontal limits for this pool, as currently designated, include the following lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM

Section 25: SE/4

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM

Irregular Section 29: All

Section 30: All

Section 31: N/2 N/2

Irregular Section 32: Lot 1 and N/2 NW/4.

(3) By Order No. R-7511, entered in Case No. 8130 on April 20, 1984, the Division, upon application of Martindale Petroleum Corporation, established a limiting gas-

oil ratio in the East Hobbs-San Andres Pool, Lea County, New Mexico, of 5,000 cubic feet of gas per barrel of oil.

(4) By Order No. R-11208, entered in Case No. 12179 on June 21, 1999, the Division, upon the application of EnerQuest Resources, L.L.C. ("EnerQuest"), adopted for a temporary period of 18 months a top allowable producing rate to be applied to the East Hobbs-San Andres Pool of 160 barrels of oil per day per standard 40-acre oil spacing and proration unit.

(5) Pursuant to the provisions of Order No. R-11208, this case was reopened to permit all operators to appear and show cause why this special depth bracket unit allowable should not be rescinded.

(6) Lynx Energy Company, Inc. ("Lynx") appeared at the hearing and presented evidence to support the continuation of this special depth unit bracket allowable.

(7) EnerQuest appeared at the hearing through legal counsel to support retention of this special depth bracket unit allowable, but offered no evidence.

(8) No other operator or interested party appeared at the hearing in opposition to the continuation of the current allowable assignment.

(9) Lynx operates a single 40-acre lease [NE/4 SE/4 (Unit I) of Section 30], the Laney Reese, within the East Hobbs-San Andres Pool with three wells that for the month of October, 2001 together produced slightly over 4,800 barrels of oil, which is the 160-barrel of oil per day allowable.

(10) The evidence presented indicates that this solution gas drive reservoir can be produced at the special rate without damaging the reservoir or adversely affecting offsetting production.

(11) Retention of the special depth bracket allowable in this pool should improve reservoir producing efficiency and result in the ultimate recovery of additional oil, thereby preventing waste.

(12) Retention of the special depth bracket allowable in this pool will not cause waste nor impair correlative rights, is in the best interest of conservation, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The special depth bracket unit oil allowable of 160 barrels of oil per day for the East Hobbs-San Andres Pool (**pool code: 32300**), Lea County, New Mexico, shall remain in full force and effect until further notice.

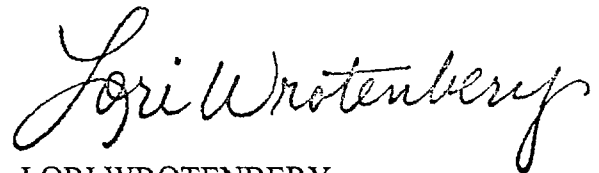
IT IS FURTHER ORDERED HOWEVER THAT:

(2) The Division Director may, at any time that it appears reservoir damage is apparent, rescind the provisions of this order and cause the top unit allowable for the East Hobbs-San Andres Pool to revert to 80-barrels of oil per day per Division Rule 505.A.

(3) Jurisdiction is hereby 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



LORI WROTENBERY
Director



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