

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. 9363
ORDER NO. R-8113-B

APPLICATION OF ANADARKO PETROLEUM
CORPORATION FOR THE AMENDMENT OF THE
SPECIAL RULES AND REGULATIONS FOR THE
FOSTER-SAN ANDRES POOL, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 27, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of May, 1988, 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) By Division Order No. R-1059, dated September 30, 1957, the Division created, defined and designated the Foster-San Andres Pool for the production of oil from the San Andres formation. Currently the horizontal limits for the pool consist of the following described area in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM
Section 31: SE/4

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPM
Section 5: NW/4
Irregular Section 6: NE/4

(3) Said pool was governed by the Division Statewide Rules until Special Pool Rules were instituted by Division Order No. R-8113, dated January 6, 1986, and made effective July 1, 1985, which established a limiting gas/oil ratio (GOR) of 5000 cubic feet of gas per barrel of oil.

(4) By Division Order No. R-8113-A, dated June 1, 1987 and made effective September 1, 1986, the limiting gas/oil ratio for said pool was raised to 10,000 cubic feet of gas per barrel of oil.

(5) The applicant in this matter, Anadarko Petroleum Corporation, is owner and operator of the Harvard Well No. 1 located 330 feet from the South line and 2310 feet from the East line (Unit O) of Section 31, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, which has been producing from the subject pool since June, 1984.

(6) At this time, the applicant seeks to increase the gas/oil ratio for said pool to 20,000 cubic feet of gas per barrel of oil.

(7) Applicant further seeks to have this amendment made effective retroactive to March 1, 1988.

(8) Although the Foster-San Andres Pool is a solution gas drive reservoir, the production history of the wells therein indicates that this pool, or portions thereof, may not be in its final stages of production.

(9) The evidence presented by the applicant indicates that if this application were approved the above-described well would experience an immediate increase in gas production; however, the evidence was insufficient to show that the ultimate recovery from the entire pool would not be reduced if the gas/oil ratio were raised to 20,000 to one at this time.

(10) Approval of this application could cause waste and violate correlative rights within the pool; it is therefore in the best interest of conservation that this application be denied at this time.

(11) Although the evidence presented indicated that the Anadarko Harvard Well No. 1 located 330 feet from the South line and 2310 feet from the East line (Unit O) of Section 31, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, would experience an immediate increase in production, it was insufficient to show that waste would not occur if the gas/oil ratio was increased at this time.

(12) In the best interest of conservation this application should be denied.

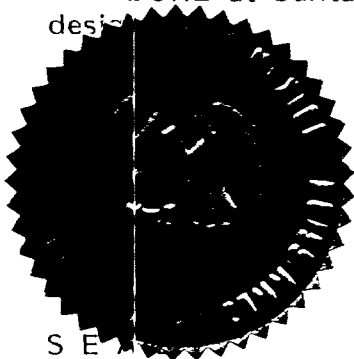
IT IS THEREFORE ORDERED THAT:

(1) The application of Anadarko Petroleum Corporation to amend Division Order No. R-8113, as amended, by increasing the gas/oil ratio limitation to 20,000 cubic feet of gas to one barrel of oil, to be made effective retroactively to March 1, 1988, is hereby denied.

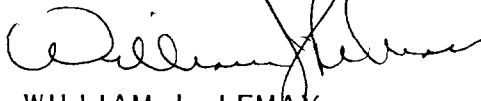
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(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director