

**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. 14970
ORDER NO. R- 13724**

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, LP FOR
SPECIAL RULES AND REGULATIONS FOR
THE SCANLON DRAW-BONE SPRING,
TURKEY TRACK-BONE SPRING AND
WINCHESTER-BONE SPRING POOLS,
EDDYCOUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 16, 2013, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 9th day of August, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) Devon Energy Production Company, LP ("Applicant") seeks adoption of Special Pool Rules for the Scanlon Draw-Bone Spring Pool (Pool Code 55510), the Turkey Track-Bone Spring Pool (Pool Code 60660) and the Winchester-Bone Spring Pool (Pool Code 65010) [hereinafter collectively called "the Subject Pools"], providing for a limiting gas oil ratio equal to 10,000 standard cubic feet of gas per barrel of oil (SCF/bbl).
- (3) The existing horizontal boundaries of the Subject Pools, as defined by Division Orders, are as follows:

Scanlon Draw-Bone Spring Pool

Township 19 South, Range 29 East
Section 19: NE/4

Turkey Track-Bone Spring Pool

Township 19 South, Range 29 East
Section 23: S/2
Section 26: E/2

Winchester-Bone Spring Pool

Township 19 South, Range 28 East
Section 36: N/2

Township 19 South, Range 29 East
Section 31: NW/4 and S/2
Section 32: W/2

Township 20 South, Range 29 East
Section 5: NW/4

All of the Subject Pools have been further expanded beyond these boundaries by completion of additional development wells, which expansions have not yet been adopted by Division order.

- (4) No special pool rules now exist for any of the Subject Pools.
- (5) Applicant appeared at the hearing through counsel and presented geologic and engineering evidence as follows:

(a) The first Bone Spring and second Bone Spring members of the Bone Spring formation have been producing from these pools and other pools in the vicinity for a long time from vertical wells. Applicant is currently further developing this area by drilling horizontal wells.

(b) Both the first Bone Spring and the second Bone Spring are continuous across this area, dipping northwest to southeast. Structure is not a factor in the formation of these reservoirs. Both formations are generally productive throughout the area.

(c) Gas and oil production from long-producing wells in the Subject Pools exhibits a steady correlation, with gas-oil ratios (GORs) very consistent at approximately 10,000 SCF/bbl.

(d) In new horizontal wells drilled in the Subject Pools, GORs are rapidly increasing toward the 10,000 SCF/bbl level.

(e) The Bone Spring reservoirs in the Subject Pools are solution gas drive reservoirs, normally pressured at about 3200 psi. Pressure-volume-temperature (PVT) data from the nearby Parkway-Bone Spring Pool indicates that bubble point, at least in the first Bone Spring, is approximately 3600 psi, indicating that the first Bone Spring in the Subject Pools is slightly below bubble point.

(f) There is no evidence that gas cap is forming during production.

(g) Any attempt to restrict gas production to reduce GORs could result in trapping oil in the reservoir, thereby causing waste.

(6) No other party entered an appearance in this case or otherwise communicated to the Division any objection to the granting of this Application.

The Division concludes as follows:

(7) The drive mechanism in these pools is solution gas drive. There is no evidence of Segregation Gas Drive, and/or formation of any gas cap during production. Accordingly, the only drive mechanism in these pools is depletion drive. Therefore, since these pools are producing below Bubble Point, increasing the gas-oil ratio should not cause waste or impair correlative rights.

(8) Establishment of a limiting gas oil ratio of 10,000 SCF/bbl for each of the Subject Pools will, in reasonable probability, prevent waste, and will not impair correlative rights. Accordingly, this application should be granted.

IT IS THEREFORE ORDERED THAT:

(1) The application of Devon Energy Production Company, LP (OGRID 6137) for establishment of Special Rules for the Scanlon Draw-Bone Spring Pool (Pool Code 55510), the Turkey Track-Bone Spring Pool (Pool Code 60660) and the Winchester- Bone Spring Pool (Pool Code 65010) is hereby granted.

(2) The following special pool rules are hereby adopted:

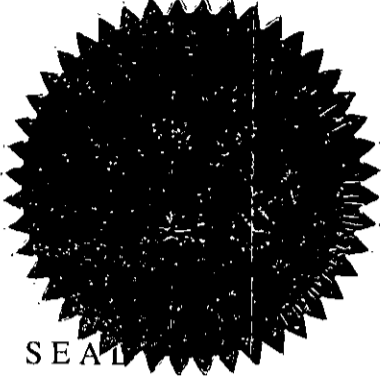
**SPECIAL RULES FOR THE SCANLON DRAW-BONE SPRING
POOL, THE TURKEY TRACK-BONE SPRING POOL AND
THE WINCHESTER-BONE SPRING POOL**

Rule 1: The limiting gas oil ratio (GOR) for these pools shall be 10,000 ,
Standard Cubic Feet of Gas per Barrel of Oil .

Rule 2: All other matters shall be governed by statewide rules.

(3) Jurisdiction of this case 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

JAMI BAILEY
Director