

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. 10830 (Reopened)
Order No. R-10026-A

IN THE MATTER OF CASE 10830 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO.
R-10026, WHICH ORDER PROVIDED FOR A SPECIAL
LIMITING GAS/OIL RATIO FOR THE PADDOCK POOL IN
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 15, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of March, 1995, the Division Director, having considered 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-10026, issued in Case No. 10830, dated November 30, 1993 and made effective December 1, 1993, the gas/oil ratio ("GOR") for the Paddock Pool in Lea County, New Mexico was raised from 2,000 cubic feet of gas per barrel of oil to 6,000 to one, thereby increasing the casinghead gas allowable to 642 MCF per day for each 40-acre oil proration unit.

(3) Pursuant to the provisions of said Order No. 10026, this case was reopened to allow the operators in the subject pool to appear and show cause why the limiting gas-oil ratio for the Paddock Pool should not revert back to the statewide standard 2,000 to one.

(4) At the time of the hearing two operators of wells in the Paddock Pool, Exxon Corporation and the original applicant Conoco, Inc. appeared and presented evidence and testimony in support of making the 6,000 to one gas/oil ratio permanent for the pool.

(5) According to the evidence submitted the Paddock Pool is a mature gas drive reservoir with no indication of an extensive gas cap, water influx or formation compaction and that ultimate recovery from the pool is not a function of the cumulative gas/oil ratio. Since the 6,000 to one gas/oil ratio was instituted the operators have been able to maximize recovery of hydrocarbons in a portion of the pool. Further, production figures presented at the hearing demonstrate that the 6,000 to one GOR is not creating or causing waste, instead has increased recovery of oil and gas from the pool and has been an incentive for additional development and remedial activities.

(6) Further evidence and testimony indicates continuation of the current GOR for said pool would assure continued development in a most prudent manner, would be in the best interest of conservation, has afforded and will afford the owner of property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(7) In order to prevent waste and protect correlative rights, the provisions of said Order R-10026 should be continued in full force and effect until further order of the Division.

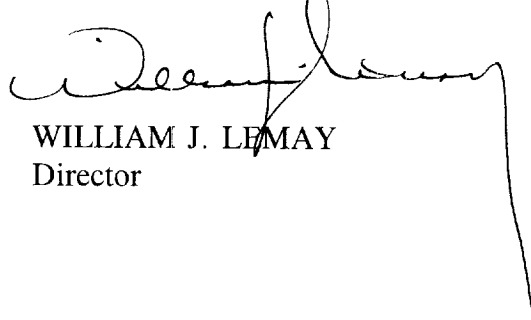
IT IS THEREFORE ORDERED THAT:

(1) The provisions of Division Order No. R-10026, issued in Case No. 10830, dated November 30, 1993 and made effective December 1, 1993, which established the gas/oil ratio for the Paddock Pool in Lea County, New Mexico, at 6,000 cubic feet of gas per barrel of oil are hereby continued in full force and effect until further order of the Division.

(2) 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


WILLIAM J. LEMAY
Director

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