

Entered April 20, 1984
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8060
Order No. R-4549-F

APPLICATION OF ARCO OIL & GAS
COMPANY FOR AMENDMENT OF ORDER
NO. R-4549, AS AMENDED, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on February 1, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of April, 1984, the Division Director having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Arco Oil & Gas Company, is the operator of the Empire-Abo Pressure Maintenance Project, Empire-Abo Pool, Eddy County, New Mexico, which project was authorized by Division Order No. R-4549 and is governed by operating rules contained in the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project included in said Order as amended by Orders Nos. R-4549-A through R-4549-E.
- (3) That said special rules and regulations provide for well allowables based upon reservoir voidage.
- (4) That the applicant seeks the recision of such rules for setting allowables and the establishment of a maximum daily project allowable of 65 MMCFD.
- (5) That the evidence presented in this case established that this proposed method of setting allowables will result in the greater recovery of liquid hydrocarbons from such project.

(6) That the proposed amendment of said special rules will not result in violation of correlative rights.

(7) That the application for amendment of said special rules should be approved.

IT IS THEREFORE ORDERED:

(1) That Rules 3, 4, 4(A), 5, 6, 7, 8, 9, 10, 11, 12, and 13 of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project contained in Division Order No. R-4549, as amended, are hereby rescinded.

(2) That said special rules are hereby amended by the adoption of new Rules 3, 4, 5, and 6 which read in their entirety as follows:

"RULE 3: That the maximum daily project allowable shall be an amount of oil which will result in monthly average associated gas production of no more than 65 MMCF per day.

For the purpose of these rules, "Available Residue Gas" shall be defined as being all gas produced from the unitized formation less plant shrinkage, plant fuel, and lease fuel required for operation of the lease.

"RULE 4: That all available unit residue gas shall be reinjected. No raw gas nor plant residue gas attributable to the project shall be sold or otherwise disposed of by any other means. That in addition to the injection of available residue gas, the project operator may inject up to and including 35 million cubic feet of extraneous gas per day into the Abo formation underlying the project area; further, that withdrawals of said extraneous gas may be made, but pending reservoir blow-down, during not more than 30 days in any one 180-day period; provided however, that pending blow-down, the daily rate of withdrawal shall not exceed the average daily rate of injection of such extraneous gas during the preceding 180-day period; provided further, that the project operator shall establish and maintain an "Extraneous Gas Bank Statement" which shall be filed with the Division each month concurrently with the project operator's "Empire-Abo Pressure Maintenance Project Monthly Report", and which shall show thereon each month the volume of extraneous gas injected, the cumulative volume of such gas injected, the volume of gas

delivered back to the supplier of extraneous gas, the cumulative volume of gas delivered back to the supplier, and the net cumulative extraneous gas bank.

"RULE 5. Allowables shall be assigned to unit wells in accordance with nominations submitted by the unit operator during the months of March, July, and November of each year. That such nominations shall accompany the Pressure Maintenance Project Operator's Report filed for that month.

The allowables assigned shall result in production of casinghead gas averaging not more than 65 MMCF per day for the month, provided however, that on a cumulative basis, the unit operator may carry gas overproduction of 325 MMCF.

That no producing well in the project area which directly or diagonally offsets a well not committed to the unit, and producing from the same common source of supply, shall receive an allowable or produce in excess of two times the top unit allowable for the pool.

"RULE 6. Each month the project operator shall submit to the Division a Pressure Maintenance Project Operator's Report on a form prescribed by the Division. The report shall show all project wells, production of oil, gas, and water; volumes of water, residue gas, and extraneous gas injected; total production of oil, gas, and water, and such other data as the Division may require"

(3) That Rule 14A, 14B, 14C, and 14D of said Special Rules are hereby redesignated Rule 7A, 7B, 7C and 7D, respectively.

(4) That Rule 15 of said Special Rules is hereby redesignated Rule 8 and is amended to read in its entirety as follows:

"RULE 8. Expansion or contraction of the project area may be approved by the Director of the Division administratively when good cause is shown therefor."

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

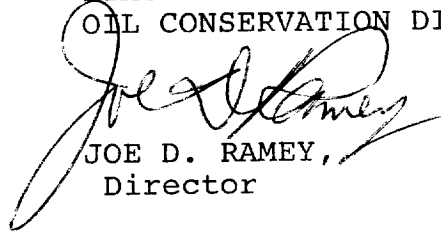
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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