

Entered November 17, 1975



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5574  
Order No. R-5118

APPLICATION OF FILON EXPLORATION  
CORPORATION FOR POOL CREATION,  
ASSIGNMENT OF A DISCOVERY ALLOWABLE,  
AND SPECIAL POOL RULES, SANDOVAL  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 22, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of November, 1975, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Filon Exploration Corporation, has discovered a new common source of supply for the production of oil from the Entrada formation in its Federal 12 Well No. 1, located in Unit M of Section 12, Township 19 North, Range 4 West, NMPM, Sandoval County, New Mexico, said well being completed to produce from the Entrada formation August 25, 1975, through casing perforations from 5,483 feet to 5,493 feet.

(3) That the applicant seeks the creation and designation of a new oil pool for said Federal 12 Well No. 1, the promulgation of special rules for said pool including the assignment of a special depth bracket allowable, and the assignment of an oil discovery allowance to the discovery well.

(4) That having made a bona fide discovery of a new common source of supply, the discovery well, applicant's Federal 12 Well No. 1 is eligible for and should be assigned an oil discovery allowable of five barrels for each foot of depth from the surface of the ground to the top of the perforations at 5,483 feet, or 27,415 barrels.

(5) That a new pool for said discovery well should be created and designated the Eagle Mesa-Entrada Oil Pool, and the vertical limits of said pool should be the Entrada formation and the horizontal limits should comprise:

TOWNSHIP 19 NORTH, RANGE 4 WEST, NMPM

Section 11: SE/4 SE/4

Section 12: SW/4 SW/4

Section 13: NW/4 NW/4

Section 14: NE/4 NE/4

(6) That the aforesaid oil pool produces from the Entrada formation with a high water-oil cut, apparently as the result of a high connate water saturation and an active water-drive mechanism.

(7) That tests have shown that high-volume pumping of wells in the subject pool appears to reduce the water-oil cut and should result in the recovery of additional quantities of oil, thereby preventing waste.

(8) That the applicant proposes a special depth bracket allowable of 2,000 barrels of oil per day for the subject pool.

(9) That the water-oil cuts encountered in the wells completed in said pool to date, even when reduced by high-volume pumping, would result in the production of excessive volumes of fluid beyond the physical capacity of the available producing equipment or disposal facilities, if production were such as to justify a 2,000 barrel-per-day oil allowable.

(10) That production of such excessive quantities of fluid as would be necessary to even approach 2,000 barrels of oil per day would greatly increase the hazard of water coning and subsequent loss of oil production, thereby causing waste.

(11) That the Entrada formation in the subject pool bears close resemblance to the Entrada formation in the Media-Entrada Oil Pool, which is located some five miles to the east-southeast.

(12) That the reservoir characteristics and the well-producing characteristics in the subject pool and said Media-Entrada Oil Pool appear to be almost identical.

(13) That a special depth bracket allowable of 750 barrels of oil per day has been in effect in said Media-Entrada Oil Pool for quite some time and has proven to be efficient and in the interest of conservation.

(14) That until more is known of the actual characteristics of the reservoir and the fluid mechanics in the subject pool, it appears to the Commission to be unwise to establish a depth bracket allowable for the subject pool which exceeds the depth bracket allowable previously established for a very similar oil pool.

(15) That the applicant's proposed 2,000 barrel-per-day depth bracket allowable should be denied.

(16) That temporary special pool rules should be adopted for the subject pool which provide for a depth bracket allowable of 750 barrels of oil per day per well.

(17) That creation of a new pool, assignment of a discovery allowable, and the promulgation of temporary special pool rules, all as described in Findings Nos. (5), (4), and (16) above are in the interest of conservation, will prevent waste, and will not impair correlative rights, and should be approved.

(18) That this case should be reopened at an examiner hearing in October, 1976, at which time the operators in the subject pool should appear and show cause why the temporary special depth bracket allowable should be made permanent.

IT IS THEREFORE ORDERED:

(1) That effective November 1, 1975, a new pool for the production of oil from the Entrada formation in Sandoval County, New Mexico, is hereby created and designated as the Eagle Mesa-Entrada Oil Pool with vertical limits comprising the Entrada formation and horizontal limits as follows:

TOWNSHIP 19 NORTH, RANGE 4 WEST, NMPM  
Section 11: SE/4 SE/4  
Section 12: SW/4 SW/4  
Section 13: NW/4 NW/4  
Section 14: NE/4 NE/4

(2) That the discovery well for said pool, the Filon Exploration Corporation Federal 12 Well No. 1 located in Unit M of Section 12, Township 19 North, Range 4 West, NMPM, Sandoval County, New Mexico, is hereby assigned an oil discovery allowable of 27,415 barrels of oil, to be produced within 730 days after the effective date of this order.

(3) That applicant's request for a 2,000 barrel-per-day special depth bracket allowable is hereby denied.

(4) That a temporary special depth bracket allowable of 750 barrels of oil per day is hereby established for the Eagle Mesa-Entrada Oil Pool, Sandoval County, New Mexico.

(5) That this case shall be reopened at an examiner hearing in October, 1976, at which time the operators in the subject pool may appear and show cause why the temporary special depth bracket allowable should not be rescinded.

-4-

Case No. 5574  
Order No. R-5118

(6) That the Secretary-Director of the Commission may, at any time it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent, rescind the provisions of this order and cause the top unit allowable for the Eagle Mesa-Entrada Oil Pool to revert to 107 barrels of oil per day.

(7) That each month the applicant shall take production fluid level tests on each producing well in the pool and shall report the results of these tests along with other pertinent monthly well production data to the Aztec district office of the Commission.

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

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

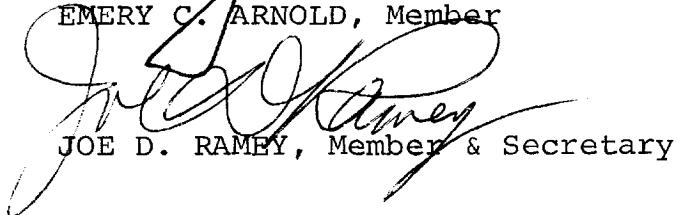
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

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