

Entered December 2, 1981
JHR

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. 7379
Order No. R-6850

APPLICATION OF JEM RESOURCES,
INC., FOR VERTICAL POOL EXTENSION
AND SPECIAL GOR LIMIT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 19, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of December, 1981, 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, JEM Resources, Inc., seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres Formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.

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(3) That by Division Order No. R-6810 effective November 1, 1981, the vertical limits of said Cave-Grayburg Pool were extended to include the San Andres formation.

(4) That such extension should be made retroactive to October 1, 1981.

(5) That the evidence presently available indicates that wells within said Cave-Grayburg San Andres Pool may be produced without waste subject to no gas-oil ratio limitation.

(6) That the applicant should be required to test newly completed or recompleted wells in said pool to assure that such wells and pool may continue to produce without waste with no limiting gas-oil ratio.

(7) That the applicant should consult with the supervisor of the Division's district office at Artesia to establish data which should be reported on each newly completed or recompleted well in said pool.

(8) That the Director of the Division should be authorized to administratively reinstitute a gas-oil ratio limit in said pool whenever it should appear necessary to prevent waste or protect correlative rights.

(9) That approval of the subject application subject to the foregoing provisions will permit the said pool to be produced without waste and will not violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That Division Order No. R-6810, dated October 23, 1981, to be effective November 1, 1981, is hereby amended with respect to ordering paragraph (m) only to make the effective date of the extension of the vertical limits of the Cave-Grayburg Pool to include the San Andres formation October 1, 1981.

(2) That effective October 1, 1981, the Cave-Grayburg-San Andres Pool is hereby exempted from the gas-oil ratio limitation provisions of Division Rule 506.

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PROVIDED HOWEVER, that any operator within said pool shall be required to test newly completed or recompleted wells in said pool to assure that such wells and pool may continue to produce without waste with no limiting gas-oil ratio.

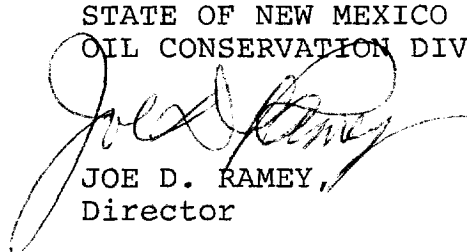
PROVIDED FURTHER, that applicant shall consult with the supervisor of the Division's district office at Artesia to establish data which shall be reported for each newly completed or recompleted well in said pool.

(3) That the Director of the Division is hereby authorized to administratively reinstitute a gas-oil ratio limit in said pool whenever it should appear to be necessary to prevent waste or protect correlative rights.

(4) That 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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