

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. 9311
Order No. R-8614

APPLICATION OF TEXACO INC. FOR
SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of March, 1988, the Division Director, having considered the testimony, 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) The applicant, Texaco Inc., seeks the adoption of Special Rules and Regulations for the Monument-Abo Pool, Lea County, New Mexico, establishing a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(3) The Monument-Abo Pool, created and defined by Division Order No. 850, as amended, is currently governed by General Statewide Rules and Regulations, including a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(4) The applicant currently operates several wells within the Monument-Abo Pool, among them the J.R. Phillips Wells Nos. 5 and 6 located, respectively, in Units D and E of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) The applicant, through geologic evidence and testimony, established that there are four distinct producing intervals within the Abo formation, and that the J.R. Phillips Wells Nos. 5 and 6 are the only two wells within the pool currently producing from the uppermost interval (hereinafter referred to as Zone 1).

(6) Geologic evidence further indicates that the horizontal extent of Zone 1 may be limited to a small area within the subject pool, and that Zone 1, which is apparently not in communication with the lower zones, contains a distinct gas cap.

(7) The applicant presented production test data from the J.R. Phillips Well No. 6 which indicates that production at a greater casinghead gas allowable than is currently allowed by Division Rules and Regulations results in a corresponding significant increase in oil production.

(8) The applicant further testified that an increase in the gas-oil ratio limitation for the subject pool would result in the ultimate recovery of a substantially greater amount of oil than would be recovered at the current gas-oil ratio limitation, thereby preventing waste.

(9) Further testimony indicated that approval of the application would enable the applicant to economically justify the continued development of the pool, which in turn would provide further information about the reservoir characteristics.

(10) The proposed increase in the gas-oil ratio limitation for the subject pool should not have an adverse affect on the remaining producing wells in the pool which are currently producing from the lower intervals in the formation.

(11) No operator in the subject pool appeared at the hearing in opposition to the proposed application.

(12) Approval of the subject application will allow the continued development of the subject pool, will allow the operators to produce their just and fair share of the oil and gas in the subject pool, and should otherwise prevent waste and protect correlative rights.

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(13) Evidence and testimony in this case was insufficient to justify the permanent establishment of the proposed gas-oil ratio for the Monument-Abo Pool, and so in order to properly assess the long term effects of increasing the gas-oil ratio in the subject pool, the Special Rules and Regulations promulgated herein should remain in effect for a temporary period of one year.

(14) This case should be reopened at an examiner hearing in April, 1989, at which time the operators in the subject pool should appear and show cause why the Monument-Abo Pool should not be governed by a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

IT IS THEREFORE ORDERED THAT:

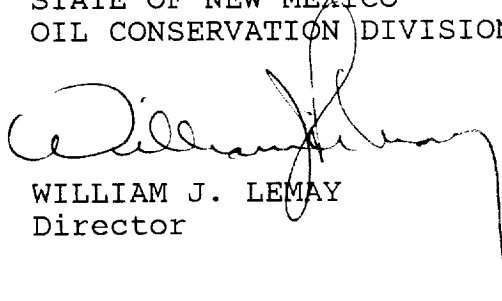
(1) The limiting gas-oil ratio for the Monument-Abo Pool, Lea County, New Mexico, is hereby established at 10,000 cubic feet of gas per barrel of oil for a temporary period of one year.

(2) This case shall be reopened at an examiner hearing in April, 1989, at which time the operators in the subject pool may appear and show cause why the Monument-Abo Pool should not be governed by a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(3) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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