

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. 9602
ORDER NO. R-8897

APPLICATION OF BHP PETROLEUM, INC.
FOR SPECIAL GAS-OIL RATIO LIMIT FOR
THE EAST AVALON-BONE SPRING POOL, EDDY
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 15, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of April, 1989, 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, BHP Petroleum, Inc., seeks the adoption of Special Rules and Regulations for the East Avalon-Bone Spring Pool, Eddy County, New Mexico, establishing a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil.
- (3) The East Avalon-Bone Spring Pool, created and defined by Division Order No. R-7437, 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 pool was initially a volatile oil reservoir with the producing drive mechanism being a combination of solution gas expansion with initial free gas in the reservoir.
- (5) The pool is in the final stage of depletion with total pool oil production averaging less than 2 barrels of oil per day per well.

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(6) Decline curve analysis for each of the producing wells in the pool demonstrates that while total gas production per well remains relatively constant, oil production is rapidly declining.

(7) Currently, there no longer continues to be any material benefit to conserve reservoir energy by limiting the GOR to 2,000 to 1.

(8) A significant number of the pool wells are currently shut-in as a result of the GOR limitation and operators are experiencing economic hardships.

(9) There was no opposition by any interested party in the pool to the request to increase the GOR limit to 5,000 to 1.

(10) In order to afford the owner of each property in the East Avalon-Bone Spring Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

IT IS THEREFORE ORDERED THAT:

(1) Effective April 1, 1989, Special Rules and Regulations for the East Avalon-Bone Spring Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR
THE EAST AVALON-BONE SPRING POOL

RULE 1. That the limiting gas-oil ratio for said East Avalon-Bone Spring Pool shall be 5,000 cubic feet of gas for each barrel of oil produced.

(2) 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

Victor Z. Lyon

for

WILLIAM J. LEMAY
Director

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