

**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:**

**NOMENCLATURE
CASE NO. 10251 (Reopened)
Order No. R-9476-A**

**IN THE MATTER OF CASE 10251 BEING
REOPENED UPON THE APPLICATION OF
KAISER-FRANCIS OIL COMPANY FOR THE
CREATION OF A NEW POOL FOR THE
PRODUCTION OF GAS FROM THE DELAWARE
FORMATION COMPRISING THE SE/4 OF
SECTION 8, TOWNSHIP 21 SOUTH, RANGE
26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17 and 31, 1991, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 5th day of November, 1991, 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) Division Case No. 10251, being the application of Kaiser-Francis Oil Company for the creation of a new pool for the production of gas from the Brushy Canyon member of the Delaware formation comprising the SE/4 of Section 8, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, was originally heard by the Division on February 21, 1991.

(3) Order No. R-9476, issued in Case No. 10251 on March 26, 1991, temporarily denied the application based largely upon evidence and testimony presented by Chi Operating Inc. (Chi), which preliminarily indicated that the producing interval within the Kaiser-Francis AM Federal Well No. 1, located 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 8, was potentially oil productive within certain wells operated by Chi in Section 9, Township 21 South, Range 26 East, NMPM, and that approval of the subject application may cause reduced oil recovery and excessive waste of reservoir energy.

(4) Said Order No. R-9476 also temporarily placed the AM Federal Well No. 1 within the East Catclaw Draw-Delaware Oil Pool with an allowable of 80 barrels of oil per day and 160 MCF gas per day.

(5) Said Order No. R-9476 further provided that within six months from the date of the order, Chi was required to test the subject interval in its existing or proposed wells in order to provide data to the Division which would substantiate its claims as to the nature of the subject reservoir.

(6) This case was reopened upon application of Kaiser-Francis Oil Company, as per the provisions of said Order No. R-9476.

(7) Evidence presented by the applicant indicates that:

- a) Subsequent to the hearing on February 21, 1991, Chi has drilled and completed its Wiser State Well No. 3 and Hondo Federal No. 2 located respectively in Units E and J of said Section 9;
- b) Within the Wiser State Well No. 3, Chi has tested the interval from 4073 feet to 4087 feet at a producing rate of 43 BOPD, 95 BWPD and 235 MCF gas per day and has subsequently abandoned this zone;
- c) Within the Hondo Federal Well No. 2, Chi has tested the interval from 4098 feet to 4155 feet; however, the results of said test are not known, and Chi has also subsequently abandoned this zone;
- d) Chi has not tested the subject zone in its Oxy State Well No. 1 and its Wiser State Well No. 1.

(8) The applicant presented further geologic evidence and testimony to support its contention that the intervals tested in the Wiser State No. 3 and the Hondo Federal No. 2 are not the same interval currently being produced in the AM Federal No. 1.

(9) The geologic evidence currently available is insufficient to conclude that the AM Federal Well No. 1 has not discovered a separate and distinct gas reservoir in the Brushy Canyon member of the Delaware formation.

(10) Testimony by the applicant further indicates that it has been in communication with Chi, and that Chi no longer objects to the application.

(11) Chi did not appear at the hearing in opposition to the application.

(12) Approval of the subject application will allow the applicant the opportunity to produce its just and equitable share of the gas in the subject reservoir, will prevent waste, and will protect correlative rights.

(13) A new pool for the production of gas from the Delaware formation should be created and designated the Soapberry Draw-Delaware Gas Pool. Said pool should comprise the SE/4 of Section 8, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

(14) The East Catclaw Draw-Delaware Oil Pool should be contracted by the deletion therefrom of the SE/4 of said Section 8, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(1) The application of Kaiser-Francis Oil Company for the creation of a new pool for the production of gas from the Brushy Canyon member of the Delaware formation comprising the SE/4 of Section 8, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) Said pool is hereby designated the Soapberry Draw-Delaware Gas Pool.

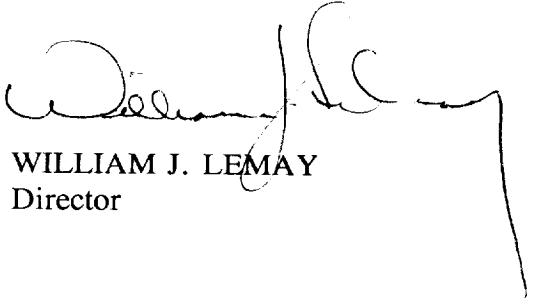
(3) The East Catclaw Draw-Delaware Oil Pool is hereby contracted by the deletion therefrom of the SE/4 of said Section 8, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

NOMENCLATURE
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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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