

**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. 10541 (Reopened)
Order No. R-9773-A**

**IN THE MATTER OF CASE NO. 10541 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
DIVISION ORDER NO. R-9773, WHICH ORDER
PROMULGATED SPECIAL POOL RULES AND
REGULATIONS FOR THE EAST HERRADURA BEND-
DELAWARE POOL IN EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 15, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of August, 1993, 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) By Order No. R-9773 issued in Case No. 10541 on November 19, 1992, the Division promulgated Special Rules and Regulations for the East Herradura Bend-Delaware Pool, located in portions of Townships 22 and 23 South, Range 28 East, NMPM, Eddy County, New Mexico, including the establishment of a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(3) Pursuant to the provisions of Order No. R-9773, this case has been reopened in order to allow the operators in the subject pool the opportunity to appear and present evidence and testimony to show cause why the special limiting gas-oil ratio should remain in effect.

(4) Appearances in this case were made on behalf of Ray Westall Operating, Inc., Bird Creek Resources, Collins & Ware, Inc., Chevron USA Inc., Fortson Oil Company, Bass Enterprises Production Company, Hanley Petroleum Inc. and Pogo Production Company.

(5) Evidence and testimony in this case were presented by a single witness representing Ray Westall Operating, Inc., Bird Creek Resources and Collins & Ware.

(6) Evidence and testimony presented in this case indicate that the gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil was originally established for the East Herradura Bend-Delaware Pool on the assumption that within the vertical limits of the pool there existed a producing interval which appeared to be productive of natural gas only.

(7) Evidence and testimony presented in the original case further indicated that the fracture treatments typically used in completing Delaware wells in this area have communicated this gas stringer with the other producing zones in this formation resulting in wells producing at high gas-oil ratios.

(8) Applicants testified that the producing gas-oil ratio in the subject pool should decrease as the gas zone is depleted.

(9) The most extreme producing gas-oil ratios are exhibited in wells generally located in the SE/4 of Section 35, however, the average producing gas-oil ratio of all wells in the pool, according to applicants' evidence, is approximately 12,800 cubic feet of gas per barrel of oil.

(9) At the time of the hearing the parties presenting evidence and testimony requested that the current gas-oil ratio limitation for the subject pool remain in effect for an additional one year period in order to allow the gathering of additional data to support its permanent adoption.

(10) A moderate amount of drilling will take place in the subject pool within the next twelve months.

(11) The current gas-oil ratio limitation for the subject pool has been in effect for a period of approximately eight months.

(12) No party represented at the hearing objected to the proposed continuation of the current gas-oil ratio limitation.

(13) The applicants' request for a temporary continuation of the pool's gas-oil ratio limitation is reasonable, however, in order to expeditiously as possible determine the effect of such gas-oil ratio limitation on the reservoir, the proposed continuation should remain in effect for a period of six months.

(14) Approval of the proposed continuation for a temporary period of six months will allow the operators in the subject pool additional opportunity to gather reservoir data and should not have an adverse effect on the East Herradura Bend-Delaware Pool.

(15) This case should be reopened in February, 1994, at which time the operators in the subject pool should be prepared to appear and present evidence and testimony to show cause why the special limiting gas-oil ratio should remain in effect.

IT IS THEREFORE ORDERED THAT:


(1) The Special Rules and Regulations for the East Herradura Bend-Delaware Pool, Eddy County, New Mexico, as promulgated by Division Order No. R-9773, including a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil are hereby continued in effect for a temporary period of six months.

(2) This case shall be reopened at an examiner hearing in February, 1994, at which time the operators in the subject pool shall be prepared to appear and present evidence and testimony to show cause why the special limiting gas-oil ratio for the East Herradura Bend-Delaware Pool should remain in effect.

(3) Jurisdiction is hereby 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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