

Entered February 1, 1984
JCR

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. 8021
Order No. R-7436

APPLICATION OF CONOCO INC. FOR
POOL CREATION, ASSIGNMENT OF A
DISCOVERY ALLOWABLE, AND SPECIAL
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 15, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of February, 1984, 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, Conoco Inc., is the owner and operator of the Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of Section 18, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks the creation of a new oil pool for Abo production in Lea County, New Mexico, and the assignment of an oil discovery allowable in the amount of 35,415 barrels of oil to the Southeast Monument Unit Well No. 71 as the discovery well.
- (4) That the applicant further seeks the promulgation of special rules and regulations governing said proposed pool, including a special gas-oil limitation of 6,000 cubic feet of gas per barrel of oil.

(5) That the evidence presently available indicates that the aforesaid Southeast Monument Unit Well No. 71 has discovered a separate common source of supply which should be designated the East Skaggs-Abo Pool; that the vertical limits of said pool should be the Abo formation and that the horizontal limits of said pool should be comprised of the following described lands:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 18: SE/4 and E/2 SW/4
Section 19: N/2 NE/4 and NE/4 NW/4

(6) That the discovery well for said pool, the Conoco Inc. Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of said Section 18, is entitled to and should receive a bonus discovery allowable in the amount of 35,145 barrels of oil, based upon the top perforations in said well at 7083 feet, to be assigned over a two-year period.

(7) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 6,000 cubic feet of gas per barrel of liquid hydrocarbons.

(8) That in order to afford to the owners in the proposed East Skaggs-Abo Pool the opportunity to produce their just and equitable share of the oil and gas in the subject pool and for this purpose to use their just and equitable share of the reservoir energy, a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Abo production, is hereby created and designated the East Skaggs-Abo Pool, with vertical limits comprising the Abo formation and horizontal limits comprising the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 18: SE/4 and E/2 SW/4
Section 19: N/2 NE/4 and NE/4 NW/4

(2) That the discovery well for said pool, the Conoco Inc. Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of Section 18, Township 20 South, Range 38 East, NMPM, Lea County,

-3-

Case No. 8021
Order No. R-7436

New Mexico, is hereby assigned an oil discovery allowable in the amount of 35,415 barrels of oil, to be produced in addition to said well's regularly assigned allowable, at a rate of 49 barrels of oil per day during the next two years.

(3) That special rules and regulations for the East Skaggs-Abo Pool, Lea County, New Mexico, are hereby promulgated as follows:

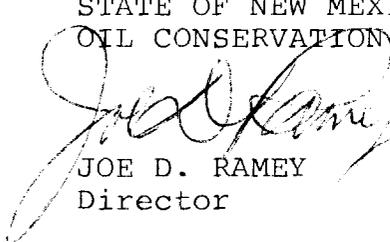
SPECIAL RULES AND REGULATIONS
FOR THE
EAST SKAGGS-ABO POOL

RULE 1. That the limiting gas-oil ratio for said East Skaggs-Abo Pool shall be 6,000 cubic feet of gas for each barrel of oil produced.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

S E A L

fd/