

**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. 13395
ORDER NO. R-12308**

**APPLICATION OF CHISOS, LTD. FOR POOL CREATION AND
CLASSIFICATION OF THIS POOL AS A RETROGRADE CONDENSATE GAS
POOL, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 17, 2005, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of March, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, Chisos, Ltd. ("Chisos"), seeks an order:
 - (a) creating a new pool for the production of gas from the Strawn formation comprising the W/2 of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico;
 - (b) classifying this new Strawn pool as a retrograde gas condensate reservoir. Pursuant to this request, the pool will be governed by the provisions of 19.15.3.104(C)(2) NMAC, which require standard 320-acre gas spacing and proration units; and

- (c) authorizing the dedication of the W/2 of Section 6 to its Wishbone Federal Com Well No. 1 (API No. 30-015-30640) located at a previously-approved unorthodox gas well location 2000 feet from the South line and 680 feet from the West line (Unit L) of Section 6 (approved by Division Order No. NSL-4521-A dated August 30, 2004).
- (3) Division records demonstrate that:
- (a) the Wishbone Federal Com Well No. 1 was originally drilled in July, 2000 by Bellwether Exploration Company. The well was initially completed in the Turkey Track-Morrow Gas Pool through perforations from 11,399 feet to 11,432 feet;
 - (b) Mission Resources Corporation became operator of the Wishbone Federal Com Well No. 1 effective June 1, 2001;
 - (c) Chisos became operator of the Wishbone Federal Com Well No. 1 effective August 1, 2002;
 - (d) in February, 2004, Chisos recompleted the well from the Turkey Track-Morrow Gas Pool to the Turkey Track-Atoka Gas Pool. The well was perforated in the Atoka formation at a depth of 10,970 feet to 10,980 feet;
 - (e) in June, 2004, Chisos recompleted the well from the Turkey Track-Atoka Gas Pool to the Strawn formation. The well was perforated in the Strawn formation at a depth of 10,514 feet to 10,600 feet;
 - (f) the perforated Morrow and Atoka intervals in the well have been abandoned and isolated by means of cast iron bridge plugs; and

- (g) the Strawn interval in the well initially tested at a rate of 1.158 MMCF of gas and 270 barrels of oil per day. The gas-oil ratio for the well was initially established at 4,288 cubic feet of gas per barrel of oil. The initial oil gravity was reported to be 52.7 degrees API.
- (4) Pursuant to 19.15.1.7 NMAC, a well is classified as a gas well if it is producing natural gas from a gas pool, or if it is producing at a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil from an oil pool.
- (5) By letter dated October 24, 2004, the Division's Artesia District Office informed Chisos that pursuant to Division rules, the Wishbone Federal Com Well No. 1 would be classified as an oil well, and that the well would be spaced on 40 acres.
- (6) Chisos presented evidence that demonstrates that:
 - (a) on January 26, 2005, oil and gas samples were obtained from the Wishbone Federal Com Well No. 1 in order to perform a PVT analysis;
 - (b) the current static reservoir pressure of this Strawn reservoir is 5,471 psig; and
 - (c) the PVT analysis indicates a retrograde dew point pressure of 4,736 psig. Based upon the results of the PVT analysis, it is concluded that the reservoir fluid exists as undersaturated (single phase) gas at static reservoir conditions of 5,471 psig and 149 degrees Fahrenheit.
- (7) Division records show that within this area of Eddy County, it is common to have both oil and gas Strawn reservoirs.
- (8) The evidence presented in this case is sufficient to demonstrate that a new pool for the production of gas from the Strawn formation should be created. This pool should initially comprise the W/2 of Section 6, Township 19 South, Range 30 East, NMPM, and should be designated the West Benson-Strawn Gas Pool.

(9) Division records show that by Order No. R-12288 issued in Case No. 13431 on February 23, 2005, the Division created the Benson-Strawn (Oil) Pool (Pool Code - 97414). This pool currently comprises the SW/4 of Section 6, Township 19 South, Range 30 East, NMPM. The order shows that the discovery well for the Benson-Strawn Pool is the Chisos Wishbone Federal Com Well No. 1.

(10) The Benson-Strawn (Oil) Pool was created by the Artesia District Office of the Division prior to a determination of whether this Strawn reservoir should be classified as an oil pool or a gas pool.

(11) The Benson-Strawn (Oil) Pool should be abolished.

(12) Approval of the subject application will prevent the drilling of unnecessary wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Chisos, Ltd., a new pool for the production of gas from the Strawn formation is hereby created and designated the West Benson-Strawn Gas Pool. The West Benson-Strawn Gas Pool shall initially comprise the W/2 of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

(2) The West Benson-Strawn Gas Pool shall be governed by the provisions of 19.15.3.104(C)(2) NMAC.

(3) Chisos, Ltd. is hereby authorized to dedicate the W/2 of Section 6 in the West Benson-Strawn Gas Pool to its existing Wishbone Federal Com Well No. 1 (API No. 30-015-30640) located at a previously-approved unorthodox gas well location 2000 feet from the South line and 680 feet from the West line (Unit L) of Section 6, thereby forming a standard 320-acre gas spacing and proration unit for this pool.

IT IS FURTHER ORDERED THAT:

(4) The Benson-Strawn Pool (Pool Code – 97414) which currently comprises the SW/4 of Section 6, Township 19 South, Range 30 East, NMPM, and which was created by Division Order No. R-12288 dated February 23, 2005, is hereby abolished.

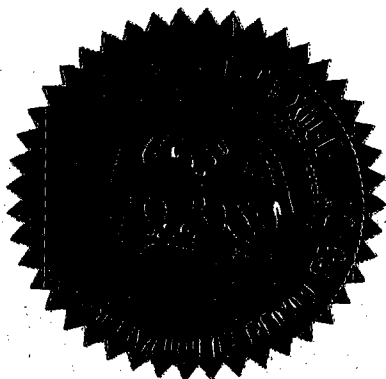
(5) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire'.

MARK E. FESMIRE, P.E.
Director