

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. 11112
ORDER NO. R-10236

**APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR POOL
CONTRACTION AND EXPANSION, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 13, 1994 at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 3rd day of November, 1994, 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, Santa Fe Energy Operating Partners, L. P. (Santa Fe Energy), seeks to contract the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom Section 14, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico and to expand the boundaries of the South Dagger Draw-Upper Pennsylvanian Associated Pool by adding said acreage.
- (3) Pool rules in the Indian Basin-Upper Pennsylvanian Gas Pool (the Gas Pool) provide for 640-acre spacing with wells to be no closer than 1650 feet to outer section boundaries nor closer than 330 feet to quarter-quarter section lines. The Gas Pool is a prorated pool with allowables established semi-annually following an Oil Conservation Commission hearing.

(4) Pool rules in the South Dagger Draw-Upper Pennsylvanian Associated Pool (the Associated Pool) provide for 320-acre spacing with wells to be no closer than 660 feet to side or end boundaries nor closer than 330 feet to quarter-quarter section lines. Oil and gas wells on any 320-acre proration unit are allowed to produce up to 1400 barrels of oil and 9.8 MMCF gas per day. Simultaneous dedication of acreage to both oil and gas wells is authorized.

(5) This case is related to the Division's District II nomenclature Case No. 11121 in which the Division by Order R-10234 contracted the Gas Pool by deleting Section 11, Township 21 South, Range 23 East, and extended the Associated Pool by including Sections 1, 2, 11 and 12, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico. The South line of Section 11 is contiguous with the North line of Section 14 which Santa Fe Energy proposes to add to the Associated Pool.

(6) Completion information was presented by the applicant to show that the Roaring Springs Federal Com Well No. 1 in the NW/4 of Section 14 had previously produced as a gas well completion from the upper portion of the Cisco/Canyon reservoir. Recompletion in a lower interval resulted in an oil completion.

(7) Geologic evidence was presented to show that wells in both the Gas Pool and the Associated Pool produce from the Cisco/Canyon Dolomite.

(8) A cross-section through the proposed Associated Pool expansion area was discussed to show that Gas Pool completions had previously produced from the upper part of the Cisco/Canyon interval above a datum of -3754. Wells completed below that level have resulted in oil completions.

(9) The cross-section and a Cisco/Canyon isopach map of the area which was presented by Santa Fe Energy indicate that the productive interval in the proposed expansion area is the same interval which is productive in the Associated Pool.

(10) Marathon Oil Company and Yates Petroleum Corporation appeared at the hearing through counsel and questioned Santa Fe Energy's witnesses concerning the need for future contraction of the Gas Pool and expansion of the Associated Pool and the reservoir relationship of the two pools. No other interest owner or offset operator appeared at the hearing to oppose the application.

(11) Based on the evidence presented, approval of the application will provide for the orderly development and production of the oil and gas reserves under Section 14, and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The following described acreage is hereby removed from the Indian Basin-Upper Pennsylvanian Gas Pool and added to the South Dagger Draw-Upper Pennsylvanian Associated Pool.

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM
Section 14: All

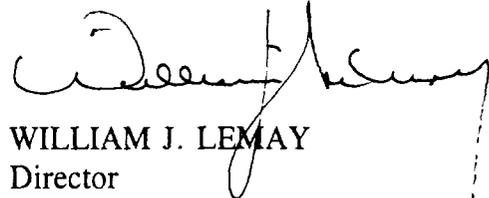
(2) Wells drilling to or completed in the South Dagger Draw-Upper Pennsylvanian Associated Pool within said Section 14 shall be subject to the rules and requirements for said pool as set out in Division Order Nos. R-5353 as amended, R-5353-L, R-5353-L-1, and R-10050.

(3) Jurisdiction of this cause is hereby retained for 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