

**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. 11305
Order No. R-9952-D**

**APPLICATION OF DEVON ENERGY
CORPORATION (NEVADA) FOR SPECIAL
POOL RULES, EDDY COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 15, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of July, 1995, 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, Devon Energy Corporation (Nevada), (Devon), seeks the promulgation of special rules and regulations for the East Catclaw Draw-Delaware Pool, Eddy County, New Mexico, including the assignment of a special depth bracket oil allowable of 150 barrels of oil per day pursuant to Division General Rule No. 505(D).

(3) The East Catclaw Draw-Delaware Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 9: All

Section 16: W/2, SE/4

(4) The East Catclaw Draw-Delaware Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-9952-A, as amended, including a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil.

(5) The current oil allowable for the East Catclaw Draw-Delaware Pool, pursuant to Division Rule No. 505 (A), is 80 barrels per day.

(6) According to applicant's evidence, there are currently fifteen wells producing from the subject pool, seven of which are operated by Chi Energy Inc. and eight of which are operated by Devon.

(7) Evidence presented by the applicant in previous cases regarding the East Catclaw Draw-Delaware Pool (Case Nos. 10746, 10746 (De Novo), 10746 (Reopened)) indicates that the subject reservoir is solution-gas drive.

(8) The applicant seeks to increase the oil allowable to 150 barrels per day for a temporary period of three months in order to gather test data to determine the effects of producing the wells in the pool at a higher producing rate.

(9) Preliminary engineering data presented by the applicant indicates that producing the wells in the subject pool at a rate in excess of 80 barrels of oil per day will not cause excessive pressure drawdown of the reservoir.

(10) Preliminary reservoir modeling presented by the applicant further indicates that producing the wells in the pool at a rate in excess of 80 barrels of oil per day will not reduce ultimate oil recovery from the pool.

(11) The applicant's evidence and testimony indicates that Chi Energy Inc., the only other operator in the pool, supports applicant's request in this case.

(12) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(13) The applicant should be afforded the opportunity to test its wells as proposed in order to gather additional reservoir data which may ultimately be utilized to establish a permanent oil allowable for the East Catclaw Draw-Delaware Pool.

(14) Approval of the subject application for a temporary period of three months will not have an adverse affect on the reservoir and will not violate correlative rights.

(15) Applicant testified that subsequent to the completion of the three month test period, it may require additional time to analyze the data and to make a determination whether or not to seek to establish a permanent oil allowable for the subject pool in excess of 80 barrels per day.

(16) An oil allowable of 150 barrels per day should be instituted for the East Catclaw Draw-Delaware Pool for a temporary period of three months. This allowable should be effective during the months of August, September and October, 1995.

(17) Unless amended by subsequent order of the Division, the oil allowable for the East Catclaw Draw-Delaware Pool should revert back to 80 barrels per day on November 1, 1995.

(18) The applicant, at its option, should be allowed to reopen this case subsequent to the completion of the three month test period in order to request the establishment of a permanent higher oil allowable for the East Catclaw Draw-Delaware Pool.

IT IS THEREFORE ORDERED THAT:

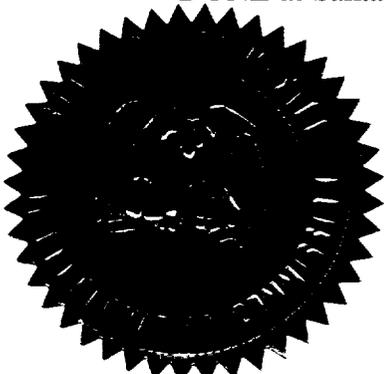
(1) Effective August 1 through October 31, 1995, the oil allowable for the East Catclaw Draw-Delaware Pool, Eddy County, New Mexico, is hereby set at 150 barrels per day.

(2) Unless amended by subsequent order of the Division, the oil allowable for the East Catclaw Draw-Delaware Pool shall revert back to 80 barrels per day on November 1, 1995.

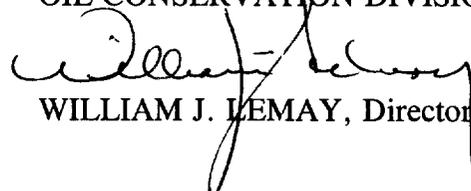
(3) The applicant, at its option, shall be allowed to reopen this case subsequent to the completion of the three month test period in order to request the establishment of a permanent higher oil allowable for the East Catclaw Draw-Delaware Pool.

(4) 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