

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

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November 30, 1992

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 9078
ORDER NO. R-8450-B

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Sally E. Leichtle
Sally E. Leichtle
Administrative Secretary

cc: BLM - Carlsbad
Alvin Tapia

**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. 9078 (Reopened)
Order No. R-8450-B**

**IN THE MATTER OF CASE NO. 9078 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
DIVISION ORDER NOS. R-8450 AND R-8450-A,
BOTH CONCERNING THE SOUTHWEST OSUDO-
WOLFCAMP GAS POOL IN LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 10, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of November, 1992, 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-8450 issued in Case No. 9078 on May 29, 1987, the Division, upon application of BTA Oil Producers (BTA), created a pool for Wolfcamp gas production, said pool being designated the Southwest Osudo-Wolfcamp Gas Pool, with horizontal limits comprising the NE/4 of Section 23, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) Order No. R-8450 further established the spacing in the Southwest Osudo-Wolfcamp Gas Pool at 320 acres, and contained a provision whereby Case No. 9078 would be reopened in November, 1988 to determine the "exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is indeed determined to be a retrograde gas condensate reservoir".

(4) Order No. R-8483 amended the horizontal limits of the pool to include the SE/4 of Section 23, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

(5) By Order No. R-8450-A issued in Case No. 9078 (Reopened) on December 16, 1988, the Division continued in full force and effect the provisions contained within Order No. R-8450 due to the lack of sufficient data to make a proper determination on those issues described in Finding No. (3) above. Said order also required that Case No. 9078 be reopened in December, 1989 at which time the issues would be addressed.

(6) The subject case was reopened and heard on January 10, 1990.

(7) BTA Oil Producers (BTA), the only operator in the subject pool, appeared and presented evidence and testimony in this case in support of continuing the rules currently in effect for the subject pool.

(8) The evidence presented indicates that the subject pool only contains one producing well, the BTA Byers 8605 JV-P Well No. 1 located 1830 feet from the North line and 660 feet from the East line (Unit H) of Section 23, Township 20 South, Range 35 East, NMPM.

(9) The E/2 of Section 23 is currently dedicated to the subject well. The proration unit consists of two separate leases comprising the W/2 E/2 and the E/2 E/2 of Section 23.

(10) The evidence and testimony presented by BTA indicates that the subject Wolfcamp reservoir is limited in size and will likely be entirely drained by the Byers 8605 JV-P Well No. 1.

(11) Further testimony indicates that it is unlikely that any additional wells will be drilled in the Southwest Osudo-Wolfcamp Gas Pool.

(12) Production data indicates that oil and gas production from the subject well has stabilized and has averaged approximately 200 MCF of gas and 38 barrels of oil per day during 1990 and 1991.

(13) The gas-oil ratio has also stabilized and during 1990 and 1991 averaged approximately 5,300 cubic feet of gas per barrel of oil.

(14) The evidence presented in the immediate case and in the two previous cases generally indicates that the subject reservoir should be classified as a retrograde gas condensate reservoir.

(15) The evidence further indicates that it would serve no useful purpose nor increase the recovery of hydrocarbons from the subject well by placing a limit on its production at this time.

(16) According to applicant's testimony, the subject well has drained an area in excess of 40 acres.

(17) The applicant has testified that upon depletion of the zone currently being produced, it intends to recomplete to an upper interval in the Wolfcamp formation that drill stem tested approximately 3.0 MMCF of gas, which zone should likely be considered a gas reservoir.

(18) No other offset operator and/or interest owner appeared at the hearing to present additional evidence.

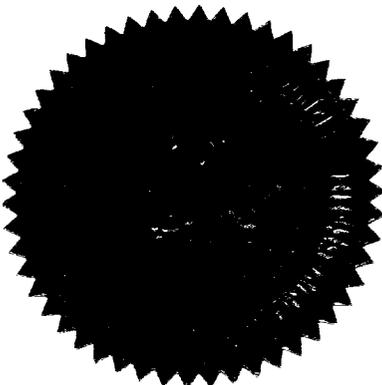
(19) Continuation of the rules currently in effect for the Southwest Osudo-Wolfcamp Gas Pool, as established by Division Order No. R-8450, will allow the applicant the opportunity to recover its just and equitable share of the oil and gas reserves in the subject pool, will prevent the drilling of unnecessary wells, and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Rules and Regulations for the Southwest Osudo-Wolfcamp Gas Pool, Lea County, New Mexico, as established by Division Order No. R-8450, are hereby continued in full force and effect until further order of the Division.

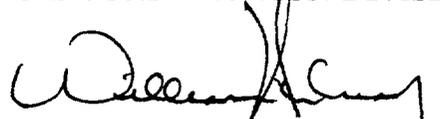
(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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:

REOPENED

CASE NO. 9078
ORDER NO. R-8450-A

IN THE MATTER OF CASE 9078 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-8450, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 22, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of December, 1988, 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) Division Order No. R-8450, dated May 29, 1987, contracted the horizontal limits of the West Osudo-Wolfcamp Pool, created the Southwest Osudo-Wolfcamp Gas Pool comprising the NE/4 of Section 23, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and ordered that said case be reopened in November, 1988, at which time the applicant, BTA Oil Producers, should be prepared to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.

(3) The only well completion in the pool to date is the applicant's Byers 8605 JV-P Well No. 1 located 1830 feet from the North line and 660 feet from the East line (Unit H) of said Section 23.

(4) It is the applicant's contention that the subject pool is a retrograde gas condensate reservoir.

(5) The exact determination of the proper rate of withdrawal from the reservoir cannot be made at this time because the performance of said well is unstable due to water encroachment into the well; however, evidence was presented which demonstrates that although water production from said well is increasing, the gas-oil ratio has remained relatively unchanged.

(6) The provisions of said Order No. R-8450 should be continued for an additional one-year period so that sufficient data may be obtained as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal if it is indeed determined to be a retrograde gas condensate reservoir.

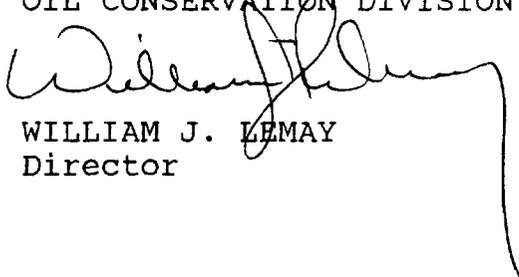
IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-8450, dated May 29, 1988, shall remain in full force and effect until December, 1989, at which time the applicant shall be prepared to appear and present evidence as to the exact nature of the reservoir and more particularly, as to the proper rate of withdrawal from the Southwest Osudo-Wolfcamp Gas Pool if it is indeed determined to be a retrograde gas condensate reservoir.

(2) 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


WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DEPARTMENT

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9078
ORDER NO. R-8450

APPLICATION OF BTA OIL PRODUCERS
TO CONTRACT THE HORIZONTAL LIMITS
OF THE WEST OSUDO-WOLFCAMP POOL
AND THE CONCOMITANT CREATION OF A
NEW GAS POOL WITH SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 am on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of May, 1987, 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-7858, dated March 28, 1985, the Division created and defined a pool for the production of oil from the Wolfcamp formation designated as the West Osudo-Wolfcamp Pool, with horizontal limits presently consisting of the NE/4 of Section 23 and the NW/4 of Section 24, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.
- (3) The West Osudo-Wolfcamp Pool is currently governed by the Division's General Statewide Rules and Regulations for oil wells, including a provision for 40-acre oil spacing and proration units.
- (4) The applicant, BTA Oil Producers, seeks an order contracting the West Osudo-Wolfcamp Pool by the deletion therefrom of the NE/4 of Section 23, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico and the concomitant

creation of a new gas pool for Wolfcamp production comprising the NE/4 of said Section 23. Applicant also seeks the promulgation of temporary special pool rules for this new gas pool, including a provision for 160-acre spacing and proration units.

(5) At the time of the hearing the applicant requested that in the alternative, the Southeast Lea-Wolfcamp Gas Pool located in Sections 25 and 26 of Township 20 South, Range 35 East, NMPM, Lea County, New Mexico be extended to include the NE/4 of said Section 23.

(6) This request was not included within the call of this case and, therefore, should not be considered.

(7) At the time of the hearing Amoco Production Company, an operator in the pool, and Ronald J. Byers, a mineral interest owner in the area, appeared in opposition to this application.

(8) Currently there are only two wells capable of production within the designated West Osudo-Wolfcamp Pool boundaries:

BTA Oil Producers Byers 8605 JV-P Well No. 1 located 1830 feet from the North line and 660 feet from the East line (Unit H) of said Section 23; and,

The Amoco Production Company Heller Company Trust Com "A" Well No. 1 located 2180 feet from the North line and 660 feet from the West line (Unit E) of said Section 24.

(9) The geological and engineering evidence presented at the hearing presently indicates that, although both of the aforementioned wells are completed in the same designated pool, the Byers 8605 JV-P Well No. 1 is producing from a separate source of supply within the Wolfcamp formation than the Heller Company Trust Com "A" Well No. 1.

(10) Present available evidence also indicates that the Wolfcamp production in the Byers 8605 JV-P Well No. 1 may in fact be from a retrograde condensate gas reservoir.

(11) The West Osudo-Wolfcamp Pool should be contracted by deletion therefrom of the NE/4 of said Section 23 and the concomitant creation and classification of a new gas pool for Wolfcamp production comprising said area.

(12) Said gas pool should be designated the Southwest Osudo-Wolfcamp Gas Pool.

(13) Pursuant to Division General Rule 104, the acreage requirements for Wolfcamp gas wells in Southeast New Mexico is 320-acres.

(14) The applicant presented testimony that the Wolfcamp completion in the Byers 8605 JV-P Well No. 1 demonstrates high permeability and is capable of draining an area in excess of 160-acres.

(15) The applicant's request for 160-acre spacing for the new gas pool should be denied.

(16) The new gas pool should be governed by the Division's General Rules and Regulations for Wolfcamp gas wells in Southeast New Mexico, including those provisions for 320-acre spacing units.

(17) The operator of the aforementioned Byers 8605 JV-P Well No. 1 should file a new Form C-102 with the Division dedicating 320-acres to said well or obtain a non-standard unit approved by the Division within 60 days from the date of this order.

(18) This case should be reopened at an examiner hearing in approximately 18 months, at which time the applicant should be prepared to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is indeed determined to be a retrograde gas condensate reservoir.

(19) An order embodying the above findings will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) At the request of the applicant, BTA Oil Producers, the West Osudo-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the NE/4 of Section 23, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) A new pool classified as a gas pool for Wolfcamp production is hereby created and designated as the Southwest Osudo-Wolfcamp Gas Pool, with the horizontal limits consisting of the area described in paragraph (1) above.

(3) The applicant's request for the promulgation of special rules for the new gas pool, including a provision for 160-acre spacing and proration units, is hereby denied.

(4) The Southwest Osudo-Wolfcamp Gas Pool shall be governed by the Division General Rules and Regulations for Wolfcamp gas wells in Southeast New Mexico.

IT IS FURTHER ORDERED THAT:

(5) Contraction of the West Osudo-Wolfcamp Pool and the concomitant creation of the Southwest Osudo-Wolfcamp Gas Pool shall become effective June 1, 1987.

(6) The locations of all wells presently drilling to or completed in the Southwest Osudo-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof and not within another Wolfcamp pool are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before June 15, 1987.

(7) Pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the Southwest Osudo-Wolfcamp Gas Pool shall have dedicated thereto 320 acres; however, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(8) Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of its Form C-104, Authorization to Transport Oil and Natural Gas.

(9) This case shall be reopened in November 1988, at which time the applicant should be prepared to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is indeed determined to be a retrograde gas condensate reservoir.

(10) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

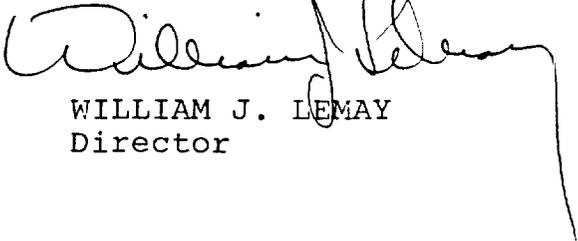
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Case No. 9078

Order No. R-8450

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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:

REOPENED

CASE NO. 9078
ORDER NO. R-8450-A

IN THE MATTER OF CASE 9078 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-8450, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 22, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of December, 1988, 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) Division Order No. R-8450, dated May 29, 1987, contracted the horizontal limits of the West Osudo-Wolfcamp Pool, created the Southwest Osudo-Wolfcamp Gas Pool comprising the NE/4 of Section 23, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and ordered that said case be reopened in November, 1988, at which time the applicant, BTA Oil Producers, should be prepared to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.

(3) The only well completion in the pool to date is the applicant's Byers 8605 JV-P Well No. 1 located 1830 feet from the North line and 660 feet from the East line (Unit H) of said Section 23.

(4) It is the applicant's contention that the subject po is a retrograde gas condensate reservoir.

(5) The exact determination of the proper rate of withdrawal from the reservoir cannot be made at this time because the performance of said well is unstable due to water encroachment into the well; however, evidence was presented which demonstrates that although water production from said well is increasing, the gas-oil ratio has remained relatively unchanged.

(6) The provisions of said Order No. R-8450 should be continued for an additional one-year period so that sufficient data may be obtained as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal if it is indeed determined to be a retrograde gas condensate reservoir.

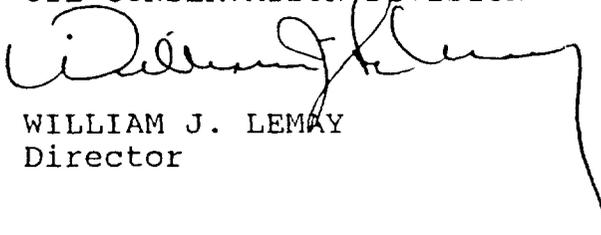
IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-8450, dated May 29, 1988, shall remain in full force and effect until December, 1989, at which time the applicant shall be prepared to appear and present evidence as to the exact nature of the reservoir and more particularly, as to the proper rate of withdrawal from the Southwest Osudo-Wolfcamp Gas Pool if it is indeed determined to be a retrograde gas condensate reservoir.

(2) 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



WILLIAM J. LEMAY
Director

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