

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. 10221  
ORDER NO. R-4691-D

APPLICATION OF CONOCO INC. FOR THE  
AMENDMENT OF DIVISION ORDER NO. R-4691,  
AS AMENDED, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 7, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of March, 1991 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) At the time of the hearing, this case was consolidated with Division Case No. 10222 for purposes of testimony.
- (3) By Division Order No. R-4691 dated December 11, 1973, temporary special rules and regulations were promulgated for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, establishing 320-acre spacing for the pool and a special depth bracket allowable of 427 barrels per day.
- (4) By Division Order No. R-4691-A dated February 3, 1976, the spacing was changed from 320 to 160 acres and the special depth bracket allowable from 427 barrels per day to 267 barrels per day.

(5) Division Order No. R-4691-B dated October 12, 1976, left the spacing unchanged at 160 acres but changed the special depth bracket allowable from 267 barrels per day to 350 barrels per day.

(6) Division Order No. R-4691-C dated March 15, 1977 made permanent the temporary Special Pool Rules for the North Dagger Draw-Upper Pennsylvanian Pool as promulgated by said Order No. R-4691, as amended by Order Nos. R-4691-A and R-4691-B.

(7) By Division Order No. R-5565, dated November 1, 1977, the limiting gas-oil ratio for said pool was set at 10,000 cubic feet of gas for each barrel of oil.

(8) The pool boundaries for the North Dagger Draw-Upper Pennsylvanian Pool are presently described as follows:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 13: E/2  
Section 22: SE/4  
Sections 24 and 25: All  
Section 26: N/2  
Section 27: NE/4  
Section 34: SE/4  
Sections 35 and 36: All

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 8: SW/4  
Section 14: NW/4  
Section 15: All  
Section 16: NW/4 and S/2  
Sections 17 through 19: All  
Section 20: W/2  
Section 21: N/2  
Section 30: All  
Section 31: W/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 1: All  
Section 2: N/2

Section 3: N/2 and SE/4  
Section 10: NE/4  
Section 12: NW/4

(9) At this time the applicant, Conoco Inc., seeks to amend the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool changing the special depth bracket allowable for a standard 160-acre oil spacing and proration unit in said pool from 350 barrels of oil per day to 700 barrels of oil per day.

(10) Applicant submitted testimony that additional drilling, recompletion work, and equipment installations should result in the development of additional gas reserves and will increase oil and gas production if the proposed amendment is adopted.

(11) Said testimony further indicates that the reservoir characteristics of the subject pool justify the increased allowable.

(12) Yates Petroleum Corporation, an operator in said pool, appeared at the hearing in support of the proposed amendment.

(13) No other operator or interested party appeared at the hearing or objected to this application.

(14) In order to afford the owners in the North Dagger Draw-Upper Pennsylvanian Pool the opportunity to drill and recomplete additional wells resulting in higher production rates and the opportunity to recover additional oil and gas in said pool in a manner that is conducive to sound conservation practices and is protective of correlative rights, the proposed amendment should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Effective April 1, 1991 a special depth bracket allowable of 700 barrels per day is hereby established for a standard 160-acre oil spacing and proration unit in the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico.

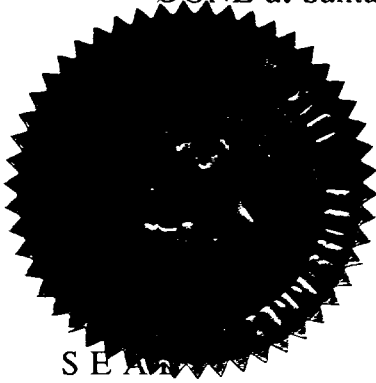
(2) All previous references to either 427 barrels, 267 barrels or 350 barrels of oil per day as this pool's depth bracket allowable, in Division Order Nos. R-4691, R-4691-A and R-4691-B are hereby placed in abeyance.

(3) Jurisdiction of this cause is 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.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*William J. Lemay*  
WILLIAM J. LEMAY  
Director