

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. 10245
ORDER NO. R-9467

APPLICATION OF CONOCO, INC. FOR
POOL CREATION, SPECIAL POOL RULES,
AND CONTRACTION OF THE BLINEBRY
OIL AND GAS AND WARREN TUBB GAS
POOLS, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 21, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of March, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and having been 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 record, evidence and testimony presented in Division Case No. 10220 were incorporated into the record in this case upon the request of the applicant.

(3) The applicant, Conoco Inc., seeks the creation of a new oil and gas pool for Blinebry and Tubb production comprising the following described acreage in Lea County, New Mexico, said pool to be designated the Warren-Blinebry Tubb Oil and Gas Pool, and the promulgation of special rules and regulations therefor,

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including a provision to allow for simultaneous dedication of pool acreage to both oil and gas wells, special gas allowable considerations, and any other provisions deemed necessary for such a pool:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 22: S/2 S/2
Section 26: All
Section 27: All
Section 33: All
Section 34: All
Section 35: N/2 N/2

(4) In conjunction with the proposed pool creation, the applicant further seeks the concomitant contraction of the Blinebry Oil and Gas Pool and the Warren-Tubb Gas Pool by the deletion therefrom the following described acreage:

Blinebry Oil & Gas Pool
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 22: S/2 SE/4
Section 26: All
Section 27: All
Section 33: All
Section 34: All
Section 35: N/2 N/2

Warren-Tubb Gas Pool
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 23: S/2
Section 25: SW/4
Section 26: All
Section 27: All
Section 34: NW/4
Section 35: NW/4
Section 36: NW/4

(4) The applicant further seeks the creation of a new gas pool for Tubb production comprising the following described

acreage in Lea County New Mexico, said pool to be designated the East Warren-Tubb Gas Pool.

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 23: S/2
Section 24: SW/4
Section 25: W/2
Section 36: NW/4

(5) The applicant proposes that the upper and lower limits of the Warren-Blinebry Tubb Oil & Gas Pool be defined as a point 75 feet above the Blinebry marker and the base of the Tubb formation, respectively. The Blinebry marker having been found to occur at a depth of 5940 feet, and the base of the Tubb formation having been found to occur at a depth of 6741 feet on the Density/Neutron Log run on the Warren Unit Well No. 37, located in Unit J, Section 27, Township 20 South, Range 38 East, NMPM, on November 24, 1975 from a kelly bushing elevation of 3558 feet.

(6) The creation of the Warren Blinebry-Tubb Oil & Gas Pool is for the purpose of expanding the current North Blinebry Waterflood Project to include all of the above described horizontal acreage and vertical interval which was the subject of Division Case No. 10220.

(7) Conoco also seeks the promulgation of special rules and regulations for the proposed Warren Blinebry-Tubb Oil and Gas Pool.

(8) The applicant testified that over the operational history of the Blinebry Oil and Gas Pool and the Warren Tubb Oil and Gas Pool, the Division has allowed commingling of oil zones in the pools within the wellbores of numerous wells in the subject area.

(9) This commingling has resulted in the development of effective communication between the two pools, which has in turn resulted in similar formation pressures and production responses.

(10) Consequently, the vertical interval containing the Blinebry and Tubb Formations more closely resembles, at this

late stage of primary development, one common single source of supply.

(11) The applicant further presented evidence and testimony which indicates that secondary recovery operations conducted simultaneously within the Blinebry and Tubb formations would be the most efficient method of operation and would result in the recovery of the maximum amount of secondary reserves from the subject formations within the subject area.

(12) In order to prevent waste caused by the loss of secondary reserves resulting from inefficient secondary recovery operations, and by the unnecessary duplication of facilities required to conduct separate waterflood operations within the two subject formations, the application of Conoco for the creation of a new oil and gas pool for the purpose of conducting secondary recovery operations should be approved.

(13) In order to assure the orderly development and operation of the proposed secondary recovery project within the Warren Blinebry-Tubb Oil and Gas Pool, special rules and regulations, including, but not limited to, well location requirements, classification, acreage dedication, and reporting procedures should be adopted.

(14) The applicant further requested at the hearing that the special rules and regulations allow for simultaneous dedication of acreage to oil and gas wells within the pool boundary, however, subsequent to the hearing the applicant informed the Division that such a provision was unnecessary.

(15) Since the above requests for contractions will create non-contiguous blocks in the Blinebry Oil and Gas Pool, the following described acreage should be added to said pool:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 21: SE/4
Section 22: N/2SW/4
Section 32: E/2 NE/4

IT IS THEREFORE ORDERED THAT:

(1) A new pool for Blinebry and Tubb production is hereby created and designated the Warren-Blinebry Tubb Oil and Gas Pool

with upper and lower limits defined as a point 75 feet above the Blinebry marker and the base of the Tubb formation, respectively. The Blinebry marker having been found to occur at a depth of 5940 feet, and the base of the Tubb formation having been found to occur at a depth of 6741 feet on the Density/Neutron Log run on the Warren Unit Well No. 37, located in Unit J, Section 27, Township 20 South, Range 38 East, NMPM, on November 24, 1975 from a kelly bushing elevation of 3558 feet, and comprising the following described acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 22: S/2 S/2
Section 26: All
Section 27: All
Section 33: All
Section 34: All
Section 35: N/2 N/2

(2) The horizontal boundaries of the Blinebry Oil and Gas Pool and the Warren-Tubb Gas Pool, are hereby contracted by the deletion therefrom the following described acreage:

Blinebry Oil & Gas Pool
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 22: S/2 SE/4
Section 26: All
Section 27: All
Section 33: All
Section 34: All
Section 35: N/2 N/2

Warren-Tubb Gas Pool
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 23: S/2
Section 25: SW/4
Section 26: All
Section 27: All
Section 34: NW/4
Section 35: NW/4
Section 36: NW/4

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(3) A new pool for Tubb production is hereby created and designated the East Warren-Tubb Gas Pool comprising the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 23: S/2
Section 24: SW/4
Section 25: W/2
Section 36: NW/4

(4) The Blinebry Oil and Gas Pool is hereby expanded to include the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 21: SE/4
Section 22: N/2SW/4
Section 32: E/2 NE/4

(5) Temporary special Rules and Regulations governing operations within the Warren-Blinebry Tubb Oil and Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE
WARREN-BLINEBRY TUBB OIL AND GAS POOL

RULE 1. Each well completed or recompleted in the Warren-Blinebry Tubb Oil and Gas Pool or in the Blinebry or Tubb formations within the designated pool boundaries shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. A producing oil well within the Warren-Blinebry Tubb Oil and Gas Pool shall have dedicated to it a tract consisting of 40 acres comprised of a governmental quarter-quarter section or lot and shall be located no closer than 330 feet to any outer boundary of such tract.

RULE 3. The Division Director shall have authority to grant exceptions to the well location requirements of Rule

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2 in accordance with the terms and provisions of General Rule 104(F), and provided the requirements contained in said rule are complied with.

RULE 4. An oil well in the Warren-Blinebry Tubb Oil and Gas Pool shall be defined as a well producing hydrocarbons possessing a gravity of 45 degrees API or less.

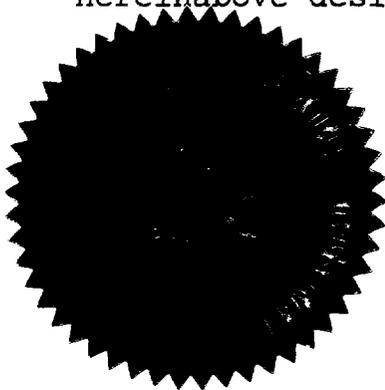
RULE 5. Oil wells in the Warren-Blinebry Tubb Oil and Gas Pool shall have capacity allowables and shall be exempt from the oil and casinghead gas allowables as provided in either Division Rule 701 F(3) or Rules 503, 505, and 506.

(6) The effective date of this order shall be March 1, 1991.

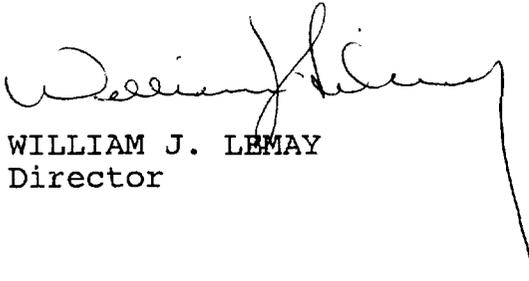
(7) The horizontal limits of the Warren-Blinebry Tubb Oil and Gas Pool shall be expanded only after notice and hearing, provided however, any expansion of said pool shall be only for the purpose of expanding or approving any secondary recovery operations within the pool.

(8) 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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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. 10245
ORDER NO. R-9467-A

**APPLICATION OF CONOCO, INC. FOR
POOL CREATION, SPECIAL POOL RULES,
AND CONTRACTION OF THE BLINEBRY OIL
AND GAS POOL AND WARREN-TUBB GAS POOL,
LEA COUNTY, NEW MEXICO**

**ORDER OF THE DIVISION
STAYING ORDER NO. R-9467**

BY THE DIVISION:

This matter having come before the Division upon the request of Conoco, Inc. for a Stay of Division Order No. R-9467 and the Division Director having considered the request and being fully advised in the premises,

NOW, on this 11th day of April, 1991, the Division Director:

FINDS THAT:

(1) By Division Order No. R-9467, dated March 15, 1991, the Division at the request of Conoco, Inc. created, designated and promulgated Special Rules and Regulations for the Warren-Blinebry Tubb Oil and Gas Pool, located in Township 20 South, Range 38 East, NMPM, Lea County, New Mexico. Said order was a companion case to the Division's approval of Conoco's request for expansion of its Conoco Southland Blinebry Cooperative Waterflood Project in Division Case No. 10220 (Order No. R-6906-B).

(2) Further, Division Order No. R-9467 also provided for the following:

- 1) an expansion and contraction to the horizontal limits of the Blinebry Oil and Gas Pool;

- 2) a contraction to the horizontal limits of the Warren-Tubb Gas Pool; and
 - 3) the creation and designation of the East Warren-Tubb Gas Pool.
- (3) The effective date for said Order No. R-9467 was authorized to be March 1, 1991.
- (4) Subsequent to the issuance of said Order No. R-9467 the applicant, Conoco, Inc. has requested a 90-day postponement of the March 1, 1991 effective date of this order.
- (5) The applicant failed to solicit from the United States Bureau of Land Management (BLM) approval of a new and separate participating area for the acreage included in said waterflood expansion and in Order R-9467 prior to recognizing the existence of the newly created pool in their accounting system.
- (6) The Bureau of Land Management can not reclassify the subject wells according to the newly established OCD nomenclature until a new participating area has been requested by Conoco, justified by engineering and geological study, and approved by the BLM.
- (7) Because of the time required to file for and secure such BLM action, the effective date used in Order No. R-9467, if implemented, will result in confusion and substantial administrative burden on the BLM, the NMOCD and Conoco.
- (8) BLM action on this request could take at least ninety days and perhaps substantially longer.
- (9) Due to Conoco's oversight in this matter it is necessary for the efficient administration of this project that the March 1, 1991 effective date of the Division's Order R-9467 be stayed and coordinated to correspond to an effective date acceptable to the Bureau of Land Management.

IT IS THEREFORE ORDERED THAT:

- (1) Division Order R-9467 and its effective date of March 1, 1991 are hereby stayed pending further order of the Division.

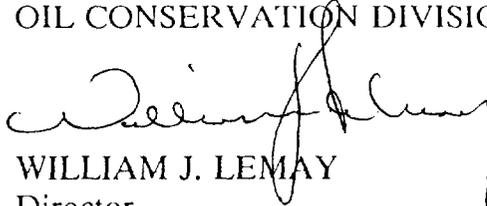
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(2) This matter shall be placed on the next available Division Examiner's docket for Conoco, Inc. to appear and show cause why this Stay Order should not be vacated.

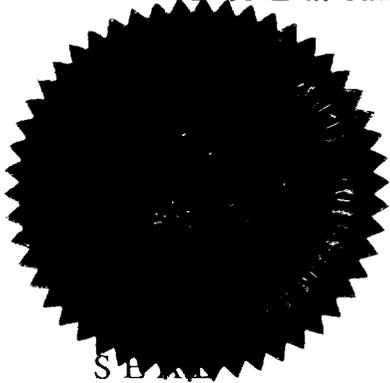
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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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