

**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:**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. TO
AMEND SPECIAL POOL RULES, LEA COUNTY, NEW MEXICO.**

**CASE NO. 15147
ORDER NO. R-3437-C**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 12, 2014, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 27th day of October, 2014, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) Devon Energy Production Company, L/P. ("Devon", "Applicant" or "Operator") seeks an order to amend the special rules and regulations for the North Paduca-Delaware Pool (**Pool Code 49490**), including a special depth bracket allowable of 350 barrels of oil per day for a standard 40-acre oil spacing and proration unit.

(3) By Order No. R-3437 issued in Case No. 3786 on June 18, 1968, the Commission promulgated Special Rules and Regulations for the North Paduca-Delaware Pool, including the dedication of a 40-acre oil spacing and proration unit to an oil well, and with applicable statewide depth bracket allowable.

(4) The discovery well for this Pool is the Texaco Exploration and Production Company, Inc.'s Cotton Draw Unit Well No. 69 (**API No. 30-025-22294**), located in Unit K of Section 34, Township 25 South, Range 32 East, NMPM. It was an oil well with its top perforation in the Delaware formation at 4,795 feet subsurface. At this depth, the Pool's current depth bracket allowable is 80 barrels of oil per day.

The Applicant appeared at the hearing through counsel and presented the following testimony:

(5) The Applicant is the operator of the Trionyx "6" Federal Well No. 4H (API No. 30-025-40044) located in the E/2 W/2 of Section 6, Township 25 South, Range 32 East, NMPM, which was completed at a true vertical depth (TVD) of approximately 8,000 feet subsurface in the Delaware formation.

(6) The North Paduca-Delaware Pool was expanded once since its creation under Order No. R-3780. The Applicant's well was placed into the North Paduca-Delaware Pool by the Hobbs District I office.

(7) The Trionyx "6" Federal Well No. 4H initial production (IP) was consistently above 1,000 barrels of oil per day. This well is a very prolific well, and it is producing from the D sand of the Delaware formation.

(8) The drive mechanism of the reservoir is solution gas drive. In this type of reservoir, to curtail production or shut-in the well in order to comply with the current Depth Bracket allowable will damage the well with resultant loss of reserves.

(9) The Applicant requests that the current Depth Bracket allowable be increased from 80 to 350 barrels of oil per day, to allow the well to produce at capacity in order to prevent waste and protect correlative rights.

(10) There is no evidence of reservoir damage or waste as a result of increasing the allowable from 80 to 350 barrels of oil per day.

(11) Notice of this application was provided to all the operators within the pool and within one mile of the pool.

(12) No operator appeared at the hearing to oppose the granting of this application.

(13) The granting of this application is in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

The Division concludes as follows:

(14) The reservoir produces by solution gas drive, or dissolved gas drive mechanism. There is no primary or pre-existing gas cap, and upon depletion, there is no secondary or developed gas cap. The only available predominant energy that moves the oil to the wellbore is the expansion of the solution gas.

(15) The Trionyx "6" Federal Well No. 4H is a prolific well producing from a solution gas drive reservoir. The evidence presented by the Applicant indicates that the reservoir pressure is approximately close to the bubble point pressure. This well and any

other wells to be drilled in this reservoir should be allowed to produce at Maximum Efficient Rate (MER) before the critical gas saturation is reached during the Primary Depletion Stages.

(16) In a solution gas drive reservoir of this nature with no initial free gas present, no water drive or gravity drainage, the rate of production is independent of estimated ultimate recovery. The reservoir is not damaged or harmed by high production rates; therefore, waste is not induced. Correlative rights are protected by the current setback requirements.

(17) This application should be approved in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Devon Energy Production Company, LP, to amend special rules and regulations for the North Paduca-Delaware Pool (**Pool Code 49490**), including a depth bracket allowable of 350 barrels of oil per day for a standard 40-acre oil spacing and proration unit is hereby **approved**.

(2) The following Amended Special Pool Rules and Regulations are promulgated for the North Paduca-Delaware Pool.

**AMENDED SPECIAL POOL RULES AND REGULATIONS
FOR
THE NORTH PADUCA-DELAWARE POOL**

Rule 1: Each well completed or recompleted in the North Paduca-Delaware Pool, or within one mile thereof and not nearer to or within the limits of another Delaware pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2: The allowable for a standard proration unit shall be based on a depth bracket allowable of 350 barrels of oil per day per 40-acre oil spacing and proration unit. In the event there is more than one well on a 40-acre proration unit, the operator may produce the allowable assigned to the unit from the wells in any proportion.

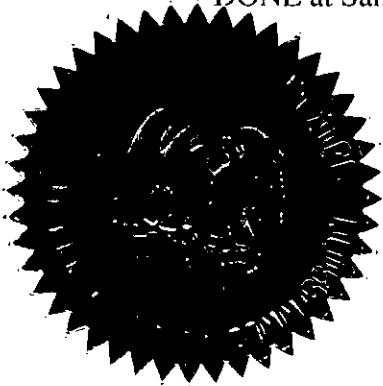
Rule 3: All other rules shall conform to the Division's statewide rules.

(3) These Special Pool Rules and Regulations shall be effective retroactively from the first day of production from the Trionyx "6" Federal Well No. 4H.

(4) The provisions of Order No. R-3437 shall remain in full force and effect.

(5) Jurisdiction of this case 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Jami Bailey".

JAMI BAILEY
Director