

STATE OF NEW MEXICO
E RGY AND MINERALS DEPARTM
OIL CONSERVATION DIVISION

RECEIVED

MAY 19 1980

O. C. D.
ARTESIA, OFFICE

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

CASE NO. 6609 DE NOVO
Order No. R-6129-A

APPLICATION OF NAPECO INC. FOR
POOL CREATION AND SPECIAL POOL
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing De Novo at 9 a.m. on April 16, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 14th day of May, 1980, the Commission, a quorum being present, having considered the testimony, the record, and the exhibits, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Napeco Inc., seeks the creation of a new pool for Strawn production in Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 160-acre spacing and proration units.

(3) That this cause came on for hearing before Examiner Daniel S. Nutter on July 25, 1979, and the Division entered its Order No. R-6129 on October 10, 1979, denying the application on the grounds that the applicant had failed to establish that one well could effectively and efficiently drain 160 acres.

(4) That on November 4, 1979, Napeco Inc. filed timely application for Hearing De Novo of Case No. 6609, whereupon this matter was set for hearing on November 27, 1979.

(5) That Case No. 6609 came on for Hearing De Novo on November 27, 1979, and was continued to several subsequent hearing dates, finally being heard on April 16, 1980.

(6) That subsequent to filing its application for Hearing De Novo, applicant modified its application, alleging that the subject reservoir is a volatile oil reservoir.

(7) That the evidence indicates that applicant's Benson Deep Unit Well No. 1, located in Unit O of Section 33, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, has discovered a separate common source of supply in the Strawn formation which should be designated the Benson-Strawn Pool; that the vertical limits of the pool should be the Strawn formation, and that the horizontal limits of said pool should be as follows:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 33: SE/4

(8) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 160-acre spacing units should be promulgated for the Benson-Strawn Pool.

(9) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(10) That the evidence presented demonstrated that said Benson-Strawn Pool should be assigned a special allowable of 70 barrels of oil per day pending further testing and establishment of a permanent optimum producing rate for wells in said pool.

(11) That during the first 90 days of actual production the applicant should conduct tests on its well in said Benson-Strawn Pool designed to establish the optimum producing rate for oil and gas from wells in said pool.

(12) That the results of such tests should be submitted to the Director of the Oil Conservation Division within 30 days following completion thereof.