

**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. 11040 (Reopened)  
Order No. R-5353-O-1**

**IN THE MATTER OF CASE NO. 11040 BEING  
REOPENED PURSUANT TO THE PROVISIONS OF  
DIVISION ORDER NO. R-5353-O, WHICH  
ORDER CREATED THE BURTON FLAT-BONE  
SPRING ASSOCIATED POOL IN EDDY COUNTY,  
NEW MEXICO, AND PROMULGATED SPECIAL  
POOL RULES THEREFOR.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on September 21, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of September, 1995, 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-5353-O entered in Case No. 11040 on August 23, 1994, the Division, upon application of Maralo Inc., created the Burton Flat-Bone Spring Associated Pool and promulgated temporary special rules and regulations for said pool including 80-acre oil and 160-acre gas spacing, designated well location requirements, and a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil.

(3) Pursuant to the requirements of Order No. R-5353-O, this case was reopened to allow the operators in the subject pool to appear and present evidence and testimony as to whether the Burton Flat-Bone Spring Associated Pool should remain classified as an associated oil and gas pool and whether the special rules and regulations should remain in effect.

(4) Maralo Inc. (Maralo), one of two current operators in the pool, appeared and presented evidence and testimony to support its request that the Temporary Special Rules and Regulations for the Burton Flat-Bone Spring Associated Pool remain in effect for an additional temporary period of two years.

(5) The Burton Flat-Bone Spring Associated Pool currently comprises the following described area in Eddy County, New Mexico:

**TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM**

Section 32: NW/4, E/2

(6) The Burton Flat-Bone Spring Associated Pool is directly offset to the north and west by the East Avalon-Bone Spring Gas Pool, and is located approximately 1.5 miles west of the East Avalon-Bone Spring Oil Pool and approximately 3.5 miles southwest of the Old Millman Ranch-Bone Spring Associated Pool.

(7) There are currently five wells producing from the Burton Flat-Bone Spring Associated Pool. Four wells are operated by Maralo and one well is operated by Merit Energy Company (Merit).

(8) All five wells are currently classified as oil wells.

(9) Maralo's evidence and testimony in this case indicates that the Burton Flat-Bone Spring Associated Pool:

- a) is a complex reservoir which contains approximately 200 gross feet of pay. Within this reservoir pay section, there are numerous vertically isolated producing intervals which produce oil, gas and/or water;
- b) appears to be in communication with or a part of the East Avalon-Bone Spring Gas Pool;
- c) is a "tight" reservoir with low permeability; and,
- d) is analogous to the Old Millman Ranch-Bone Spring Associated Pool.

(10) Maralo Inc.'s request to continue in effect the current rules for the Burton Flat-Bone Spring Associated Pool is based upon the following:

- a) an additional four wells, two by Maralo and two by Merit, may be drilled within the next 12-18 months;
- b) production data from the existing wells is not sufficient at the current time to make a determination as to permanent rules; and,
- c) additional production data from the existing wells and data obtained from the drilling of additional wells in the pool will aid in the promulgation of permanent rules and regulations.

(11) The evidence and testimony presented further indicates that continuation of the Temporary Special Rules and Regulations for the Burton Flat-Bone Spring Associated Pool for an additional period of time should not be detrimental to the reservoir and/or reduce ultimate recovery.

(12) Applicant testified that Merit is in agreement with Maralo's request.

(13) The Temporary Special Rules and Regulations for the Burton Flat-Bone Spring Associated Pool should remain in effect for an additional period of eighteen months for the purpose of gathering additional reservoir data.

(14) This case should be reopened at an examiner hearing in March, 1997, at which time the operators in the subject pool should be prepared to appear and present evidence and testimony with regards to the promulgation of permanent special rules and regulations for the Burton Flat-Bone Spring Associated Pool.

**IT IS THEREFORE ORDERED THAT:**

(1) The Temporary Special Rules and Regulations for the Burton Flat-Bone Spring Associated Pool shall remain in effect for an additional period of eighteen months for the purpose of gathering additional reservoir data.

(2) This case shall be reopened at an examiner hearing in March, 1997, at which time the operators in the subject pool should be prepared to appear and present evidence and testimony with regards to the promulgation of permanent special rules and regulations for the Burton Flat-Bone Spring Associated Pool.

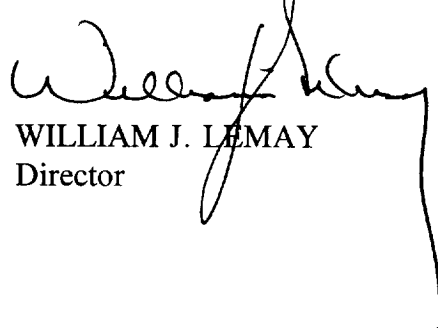
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 11040 (Reopened)  
Order No. R-5353-0-1  
Page -4-

---

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