

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8814
Order No. R-8146

APPLICATION OF FRANK BOYCE D/B/A
SURE ENERGY FOR SPECIAL POOL RULES
AND ASSIGNMENT OF A DISCOVERY
ALLOWABLE, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January, 22, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of January, 1986, 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) The applicant, Frank Boyce, d/b/a Sure Energy, is the owner of the Connie State "C" Wells Nos. 1 and 2, located in Units G and H, respectively, of Section 25, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) The Connie State "C" Well No. 1 is the discovery well for the Outpost-Delaware Pool, which was created and defined by the Division by its Order No. R-8065 effective November 1, 1985.

(4) The applicant requests that the portion of this case relating to the assignment of a discovery allowable be dismissed.

(5) The Outpost-Delaware Pool produces from the Delaware sand, and the productive interval thereof contains sand stringers highly saturated with gas, which are difficult to isolate from those stringers which contain gas and oil, even

with selective perforating, and the applicant therefore is seeking a special gas-oil ratio limitation for said pool of 20,000 cubic feet of gas per barrel of oil.

(6) Although the production from the main oil and gas-saturated stringers in the Delaware formation in the subject pool is probably "normal" insofar as gas-oil ratios are concerned, the gas production from the gas-saturated stringers causes the wells in the Outpost-Delaware Pool to produce with a high gas-oil ratio.

(7) To restrict the production of oil from the wells completed in the Outpost-Delaware Pool to the statewide 2000 to one gas-oil ratio limitation would severely affect the economics of further development in the subject pool, and could cause wells which would otherwise be drilled to not be drilled, thereby causing waste.

(8) A special gas-oil ratio limitation of 20,000 cubic feet of gas to one barrel of oil for the Outpost-Delaware Pool will not cause waste nor impair correlative rights, and should be approved.

(9) At the hearing the applicant requested that the special gas-oil ratio limitation for the subject pool be made retroactive to either the date of first production from the pool on August 24, 1985, or to the effective date of creation of the pool, November 1, 1985.

(10) The production from each of the wells in the pool has been "high ratio" since the date of completion of the wells, and the special gas-oil ratio should be made effective retroactive to the date of first production being August 24, 1985.

(11) Granting this application for a special gas-oil ratio limitation factor for the Outpost-Delaware Pool with an effective date retroactive to August 24, 1985 will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Effective August 24, 1985, the limiting gas-oil ratio for wells completed in the Outpost-Delaware Pool or in the Delaware formation within one mile thereof shall be 20,000 cubic feet of gas per barrel of oil.

(2) The portion of this case relating to the assignment of a discovery allowable is hereby dismissed.

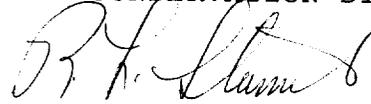
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(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS,
Director

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