### STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR A NOMENCLATURE HEARING TO FORM A NEW MANCOS OIL POOL FOR HORIZONTAL WELL DEVELOPMENT WITHIN THE WPX PROJECT AREA AS DEFINED IN CASE No. 15102, ORDER R-12817, IN SANDOVAL AND RIO ARRIBA COUNTIES, NEW MEXICO.

**CASE NO. 15172** 

# OCD'S PRE-HEARING STATEMENT ON APPLICATION FOR NOMENCLATURE HEARING TO FORM A NEW OIL POOL FOR HORIZONTAL WELL DEVELOPMENT

Applicant New Mexico Oil Conservation Division ("OCD") is seeking to form a new Mancos oil pool for horizontal well development to be named the "Northeast Chaco Horizontal Well Oil Pool". The OCD supports the approval because of the following:

- On March 20, 2014, a hearing before the OCD was conducted on the Application of
  WPX energy to authorize the co-mingling of production from the Escrito-Gallup
  Associated Pool, Counselors-Gallup-Dakota Oil Pool, and the Lybrook-Gallup Oil Pool,
  and for an exception to the well location requirements within the proposed project area.
- 2. On May 2, 2014, the OCD issued an Order finding that a 9,238 acre Project Area for horizontal development in the Mancos formation is approved comprised of the following acreage in Rio Arriba and Sandoval Counties, New Mexico:

#### TOWNSHIP 23 NORTH, RANGE 6 WEST, N.M.P.M.

Section 5: Lots 1-4, S/2N/2, S/2

Section 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4

Section 7: Lots 1-4, E/2W/2, E/2

Section 8: All

Section 16: S/2, NW/4

Section 17: Lots 1-7, NE/4NE4, S/2

Section 18: Lots 1-4, E/2W/2, E/2

Section 19: All

#### **TOWNSHIP 23 NORTH, RANGE 7 WEST, N.M.P.M.**

Section 1: Lots 5-20

Section 11: Lots 1-2, S/2NW/4, NE/4, S/2 Section 12: Lots 1-3, NW/4SW/4, SE/4, N/2

Section 13: All

Section 14: All

Section 15: E/2, SW/4

Section 24: All

- 3. The proposed horizontal oil pool would coincide with the boundaries of the Project Area.
- 4. As further evidence the OCD submits the affidavit of Bill Hoppe, OCD District Geologist (Attached as Exhibit A).

#### RESPONDENT'S PROPOSED EVIDENCE

WITNESS:

**ESTIMATED TIME:** 

The affidavit of Bill Hoppe, OCD District Geologist

N/A

Testimony on the formation of the "Northeast Chaco Horizontal Well Oil Pool"

#### PROCEDURAL MATTERS

None.

Respectfully Submitted,

Gabriel Wade

Oil Conservation Division

Energy, Minerals and Natural Resources

Department

1220 S. St. Francis Drive

Santa Fe, NM 87505

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**CASE NO. 15172** 

#### **Affidavit of William Hoppe**

STATE OF NEW MEXICO	)
	) ss
COUNTY OF SANTA FE	)

- I, William Hoppe, being first duly sworn on oath, upon information and belief, states as follows:
- 1. I am employed as the District Geologist at the Aztec, New Mexico office of the Oil Conservation Division ("OCD").
- 2. My duties include assigning and maintaining pools for wells in the San Juan Basin of Northwest New Mexico.
  - 3. The OCD's information on wells comes from reports filed by operators.
- 4. I have utilized RBDMS (Risk Based Data Management System) which is a database that contains wells and well information
- 5. I have reviewed testimony and exhibits from WPX Case #15102 and R-13817 that approved a 9,238-acre Project Area for horizontal development in the Mancos formation coinciding with the area of the proposed pool. The OCD approved the Communization Agreement on May  $2^{nd}$ , 2014, subject to certain conditions.
- 6. The three Gallup pools; Lybrook Gallup Pool, Counselors-Gallup-Dakota Oil Pool, and Escrito Gallup Associated Pool within the approved Project Area are laterally continuous across the entire project area. Reservoir data indicates that reservoir pressures and fluids are consistent and compatible for all three pools. This indicates that the three pools are essentially one pool and have a common source of supply.



- 7. There are no fluid sensitivity issues, no loss of reserves due to cross flow, and the value of the total remaining reserves will not be reduced by combining the three pools into one horizontal oil pool.
- 8. Vertical limits of this pool would be from the base of the Point Lookout Sandstone to the base of the Greenhorn Member (or Bridge Creek Limestone) of the Mancos Formation.
- 9. Horizontal Oil wells can be located anywhere in the new pool so long as no portion of the completed interval is closer than 330 feet to the outer boundary of the pool.
- 10. To afford to the owner(s) of each property in the pool the opportunity to produce their just and equitable share of the oil in the pool, to prevent reduced recovery which might result from the drilling of too few wells and to otherwise prevent waste and protect correlative rights, the new horizontal oil pool shall be developed on 320-acre spacing units.
- 11. Pre-approval of two 160 acre non-standard proration units in section 16, T23N, R6W and in section 15, T23N, R7W should be allowed for ease of permitting and development of the resource.
- 12. Creation of this new Mancos oil pool for horizontal wells in the approved Project Area will enable more orderly development of this resource with less waste and continued protection of correlative rights.
- 13. Creation of this new Mancos oil pool for horizontal wells in the approved Project Area will allow for regulatory ease in reporting production.
- 14. The new Mancos oil pool for horizontal well development should be named the "Northeast Chaco Horizontal Well Oil Pool".

William Honne

SUBSCRIBED AND SWORN before me this 31 day of July, 2014.

OFFICIAL SEAL

AMY H. VERMERSCH NOTARY PUBLIC STATE OF NEW MEXICO

My commission expires 125

Notary Public

My Commission Expires:

February 25,2016