

(DIABLO-FUSSELMAN POOL - Cont'd.)

thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia district office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(4) Pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1987 Comp., contained in Laws of 1969, Chapter 271, existing oil wells in the Diablo-Fusselman Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Diablo-Fusselman Pool or in its corresponding vertical limits within one mile thereof, shall receive no more than one-half of a standard allowable for said pool.

(5) This case shall be reopened at an examiner hearing in May, 1990, at which time the operators in the subject pool should be prepared to appear and present evidence, testimony and recommendations regarding the proper spacing and most efficient rate of production for the Diablo-Fusselman Pool.

(6) 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.

PARKWAY-BONE SPRING POOL
(Gas-Oil Ratio)
Eddy County, New Mexico

Order No. R-9160, Adopting a Gas-Oil Ratio for the Parkway Bone-Spring Pool, Eddy County, New Mexico, April 24, 1990.

Application of Siete Oil & Gas Corporation for
Special Pool Rules, Eddy County, New Mexico.

Case No. 9870
Order No. R-9160

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on March 7 and April 18, 1990, as Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 24th day of April, 1990, 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-9096, dated January 11, 1990, the Division created and defined the Parkway-Bone Spring Pool, Eddy County, New Mexico, said pool comprise the E/2 of Section 34, Township 19 South, Range 29 East, NMPM, and the N/2 of Sections 2 and 3, Township 20 South, Range 29 East, NMPM. The discovery well for said pool was the Siete Oil & Gas Corporation Osage Federal Well No. 9 located 990 feet from the North line and 1980 feet from the East line (Unit B) of said Section 34.

(3) The applicant, Siete Oil & Gas Corporation, seeks an order promulgating special pool rules for the Parkway-Bone Spring Pool, including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(4) The applicant further requests that such pool rules be made effective retroactive to the date of first production from its Osage Federal Well No. 13 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 34, which according to the evidence presented, was January 9, 1990.

(5) Subsequent to the hearing on March 7, it was determined by the Division that the applicant had not properly given hearing notice to all operators within the subject pool and to all operators of wells within one mile of the pool boundary as prescribed by Division Rule No. 1207 (a)(4), and as a result, this case was reopened and readvertised for the hearing held on April 18.

(6) In addition, on March 13, 1990, the applicant requested temporary authorization, pending the issuance of an order in this case, to produce its wells within the Parkway-Bone Spring Pool at a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said request was granted by the Division by letter dated March 13, 1990.

(7) Within the Parkway-Bone Spring Pool there are currently six wells producing or capable of producing, four of said wells are operated by the applicant and the remaining two are operated respectively by Chevron USA, Inc. and Ray Westall.

(8) The geologic evidence presented by the applicant indicates the following: a) the 1st and 2nd Bone Spring sand intervals within the Parkway-Bone Spring Pool contain producible hydrocarbons; b) both the 1st and 2nd Bone Spring sand intervals consist of very low porosity and permeability sandstones; c) the horizontal extent of the Parkway-Bone Spring Pool may be limited to portions of said Section 34.

(9) According to the evidence presented, the subject reservoir is a solution gas drive reservoir, and no evidence currently available indicates the presence of a gas cap.

(10) The engineering and geologic evidence further indicates that the subject reservoir may be produced at a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil without waste, and may in fact prevent waste by allowing the recovery of oil that otherwise may not be recovered at the current producing gas-oil ratio limitation of 2,000 cubic feet of gas per barrel of oil.

(11) No other operator of wells in the subject pool or offset operators and/or interest owners appeared at the hearing in opposition to the application.

(12) Approval of the proposed gas-oil ratio limitation and retroactive effective date will afford the applicant and other operators in the subject pool the opportunity to produce their share of the oil and gas within the Parkway-Bone Spring Pool, will allow additional oil recovery thereby preventing waste, and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Effective January 9, 1990, the limiting gas-oil ratio in the Parkway-Bone Spring Pool, Eddy County, New Mexico, shall be 10,000 cubic feet of gas per barrel of oil; each proration unit in the Parkway-Bone Spring

Oil Conservation Division

Case No.

Exhibit No. 2

(PARKWAY-BONE SPRINGS POOL - Cont'd.)

Pool shall produce only that volume of gas equivalent to 10,000 multiplied by the top unit allowable for the pool.

(2) 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.

AVALON-DELAWARE POOL
(Gas-Oil Ratio)
Eddy County, New Mexico

Order No. R-6368-B, Adopting a Gas-Oil Ratio Rule for the Avalon-Delaware Pool, Eddy County, New Mexico, January 1, 1991.

Order No. R-6368-C, July 9, 1992, continues in full force and effect the limiting gas-oil adopted in Order No. R-6368-B.

Application of Yates Petroleum Corporation for Special Gas-Oil Ratio for the Avalon-Delaware Pool, Eddy County, New Mexico.

CASE NO. 10145
Order No. R-6368-B

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on November 28, 1990, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 11th day of December, 1990, 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, Yates Petroleum Corporation, seeks an order promulgating special pool rules for the Avalon-Delaware Pool including a provision for a gas-oil ratio of 7,500 cubic feet of gas per barrel of oil. Said Pool is located in all or portions of Sections 25 and 26, Township 20 South, Range 27 East and Sections 19, 28, 29, 30, 31 and 32, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) The Avalon-Delaware Pool was created and defined by Division Order No. R-6368, as amended, and is currently governed by the Oil Conservation Division's General Statewide Rules and Regulations, including a gas-oil ratio of 2,000 cubic feet of gas per barrel of oil and a top oil allowable of 80 barrels per day.

(4) Notice concerning the applicant's request was provided to all offset operators within one mile of the Avalon-Delaware Pool. Waivers were received from 12 of the offset operators. Premier Production Company appeared at the hearing in opposition to the application.

(5) Applicant's engineering witness testified that oil production from the pool is from both the Cherry Canyon and Brushy Canyon portions of the Delaware Formation. The gross productive interval includes several hundred feet of shale and sand stringers some of which may be productive of oil and some of gas. He expressed the opinion that some of the excessive gas production comes from the gas stringers and pointed to one example where log data shows excessive gas in a productive sand stringer.

(6) Additional testimony by the applicant's witness was that several wells in the pool would benefit from the proposed increase in the gas-oil ratio limit. Two good wells operated by the applicant currently produce with a gas-oil ratio of approximately 4,000. The request for a 7,500 cubic feet per barrel limit would provide a cushion in the event the gas-oil ratio continues to increase. The witness expressed the opinion that a gas-oil ratio limit of 5,000 would be adequate.

(7) Applicant's witness also testified that the recovery of oil and gas reserves from the pool will neither be increased nor decreased if the request is approved. In his opinion production efficiency will be improved and recovery of reserves will be at a faster rate if a higher gas-oil ratio limit is authorized.

(8) Evidence submitted by the applicant indicates that the pool is produced by both a solution gas drive and a partial water drive. Witness for the applicant said there is no gas cap in the field.

(9) Applicant's witness expressed the opinion that the higher gas-oil ratio limit would not affect recoveries from offset leases. At the proposed rates, he does not believe any coning will occur or that there will be any adverse effect on the depletion of reservoir energy.

(10) Most of the wells in the field are produced by pumping.

(11) Mr. Larry Jones, owner of Premier Production Company, appeared and opposed the application. Premier owns leases on the West side of the field which were acquired in July, 1990. There are no producing wells on the leases at this time, but a recompletion of an existing shut-in well is planned in 1991.