

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

WHITE CITY BRUSHY CANYON DELAWARE
POOL (GAS-OIL RATIO AND SPECIAL
DEPTH BRACKET ALLOWABLE) EDDY COUNTY,
NEW MEXICO

ORDER NO. R-_____, ADOPTING A
GAS-OIL RATIO RULE AND SPECIAL DEPTH
BRACKET ALLOWABLE FOR THE WHITE CITY
BRUSHY CANYON DELAWARE POOL, EDDY
COUNTY, NEW MEXICO, MAY __, 1992

IN THE MATTER OF THE APPLICATION OF
DALEN RESOURCES OIL & GAS COMPANY FOR
POOL CREATION AND SPECIAL POOL RULES
EDDY COUNTY, NEW MEXICO

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Oil Conservation Division

CASE NO. 11280
Order No. R-_____

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on May 4, 1995,
at Santa Fe, New Mexico, before Examiner David Catanach.

NOW, on this _____ day of May, 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 the law, the Division has
jurisdiction of this cause and the subject matter thereof.

(2.) Dalen Resources Oil and Gas Company (hereinafter referred to as the
"applicant"), seeks an order creating a new pool promulgating special pool rules for the

White City Brushy Canyon Delaware Pool, including a provision for a gas-oil ratio of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 250 barrels of oil per day.

(3.) At the hearing, Matador Petroleum Corporation and Chevron USA, Inc., each entered its respective appearance as a party affected by this case.

(4.) The White City Brushy Canyon Delaware Pool is located in portions of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico.

(5.) Applicant's Murchison State 2 No. 1 well located in Unit H of said Section 2 is producing from the Delaware formation but production is being curtailed due to the statewide gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(6.) In this area, the Brushy Canyon portion of the Delaware includes several hundred feet of shale and sand stringers, and, based upon currently available information, a productive gas sand is overlaid by two productive oil sands.

(7.) The fracture treatment typically used in completing Delaware wells in this area have communicated gas stringers with the other producing zones in this formation resulting in wells producing at high gas-oil ratios.

(8.) If applicant's well in this pool is produced under the statewide gas-oil ratio limitation of 2,000 to 1, liquids cannot be efficiently produced from the reservoir and substantial volumes of liquids may remain trapped as the reservoir energy is depleted by gas production.

(9.) Currently there is no evidence available to demonstrate that a single gas cap was originally present in this reservoir or what ultimate effect this single gas productive stringer may have on ultimate recovery from the reservoir.

(10.) Gas produced by applicant's well in this pool is comprised of solution gas from oversaturated crude oil and gas from a separate gas zone. While the current gas producing rates for the well may not be an accurate indication of the actual gas-oil ratios of the hydrocarbons at reservoir conditions or the ultimate appropriate gas-oil ratios at which the well should be produced, approval of a temporary gas-oil ratio of 10,000 cubic feet of gas per barrel of oil is not expected to excessively dissipate reservoir energy or otherwise cause waste.

(11.) Additional evidence presented at the hearing demonstrates the existence of an additional potentially productive oil sand at approximately 4,800' which the applicant proposes to complete and produce in conjunction with the lower oil sands and gas sand. Establishment of a special depth bracket allowable of 250 barrels of oil per day will enable applicant to produce reserves from the 4,800' sand which it would otherwise be unable to recover without economic waste.

(12.) Currently available evidence presented at the hearing, demonstrated that a temporary gas-oil ratio limit of 10,000 cubic feet of gas per barrel of oil in the White City Brushy Canyon Delaware Pool for a period of six months commencing on _____, 1995 will afford an opportunity for all operators to gather more reservoir data, allow the reservoir in this portion of the Delaware formation to be produced

at a faster and more efficient rate without harm to correlative rights and without causing waste and should be approved.

(13.) Additional data on the producing characteristics of this reservoir, including the appropriate gas-oil producing rates, are rapidly being acquired due to the development currently underway in this pool and special pool rules and regulations for this pool should be promulgated on a temporary basis and should be reviewed by the Division in six months.

(14.) The applicants request that temporary pool rules and regulations for this pool be effective as of _____, 1995 and this request should be granted.

IT IS THEREFORE ORDERED THAT:

(1.) The application of Dalen Resources Oil and Gas Company for pool creation and for special pool rules providing for an increased gas-oil ratio limit and a special depth bracket allowable for the White City Brushy Canyon Delaware Pool, Eddy County, New Mexico, is hereby approved on a temporary basis.

(2.) Temporary special pool rules for the White City Brushy Canyon Delaware Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS FOR THE
WHITE CITY BRUSHY CANYON DELAWARE POOL**

Rule 1: The limiting gas-oil ratio for said White City Brushy Canyon Delaware Pool shall be 10,000 cubic feet of gas per barrel of oil produced.

Rule 2: A special depth bracket allowable for the White City Brushy Canyon Delaware Pool is established at 250 barrels of oil per day.

IT IS FURTHER ORDERED THAT:

(3.) The Special Rules and Regulations for the White City Brushy Canyon Delaware Pool shall become effective _____, 1995.

(4.) This case shall be reopened at an Examiner Hearing in _____, 1995, at which time the operators in the pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

(5.) 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

WILLIAM J. LEMAY
Director

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