



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



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March 11, 1994

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P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10541
ORDER NO. R-9973-B

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Sally Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM Carlsbad Office
Donna McDonald
Tom Kellahin

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

CASE NO. 10541 (Reopened)
ORDER NO. R-9773-B

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING THE MATTER OF CASE NO. 10541 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-9773, AS AMENDED, WHICH PROMULGATED SPECIAL RULES AND REGULATIONS FOR THE EAST HERRADURA BEND-DELAWARE POOL IN EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 17, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of March, 1994 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-9773 issued in Case No. 10541 on November 19, 1992, the Division promulgated Temporary Special Rules and Regulations for the East Herradura Bend-Delaware Pool, located in portions of Townships 22 and 23 South, Range 28 East, NMPM, Eddy County, New Mexico, including the establishment of a limiting gas/oil ratio ("GOR") of 10,000 cubic feet of gas per barrel of oil.
- (3) This matter was reopened in July 1993 pursuant to the provisions of said Order No. R-9773 in order to allow operators in the pool to present evidence supporting the continuation of the 10,000 to 1 GOR limitation for the pool on a permanent basis. The Division issued Order No. R-9773-A, dated August 11, 1993, granting a six-month temporary time extension for said Temporary Special Rules and Regulations to allow additional time for said operators to gather adequate supporting data.
- (4) Appearances in this second reopened case were made on behalf of Ray Westall Operating, Inc., Collins & Ware, Inc., Conoco, Inc., and Fortson Oil Company.

(5) The evidence and testimony in this second reopened case was presented by a single witness representing Collins & Ware, Inc.

(6) Said testimony established the existence of a gas producing sand stringer labeled the Westall Sand located within the vertical extent of the subject Delaware Pool.

(7) The higher GOR limit will enable operators to adequately drain and develop the oil and gas intervals within the entire Delaware unit in a sound and prudent manner. Further, making the temporary pool rules currently in effect for the East Herradura Bend-Delaware Pool permanent is in the best interest of conservation, will prevent waste and promote further development in and around the current pool boundaries.

(8) No offset operators, operators within the pool, or interested parties objected to the continuation of the 10,000 to 1 GOR limit.

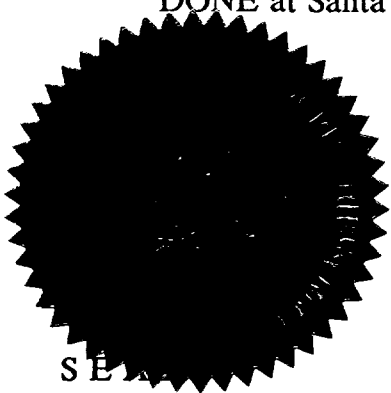
(9) The provisions of said Order No. R-9773 should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

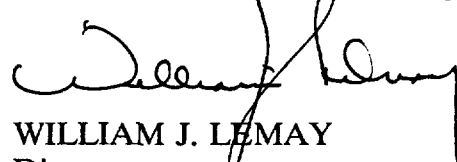
(1) The Special Rules and Regulations for the East Herradura Bend-Delaware Pool, Eddy County, New Mexico, as promulgated by Division Order No. R-9773, as amended, including a gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil, are hereby continued in effect until further order of the Division.

(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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director