

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

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

NOMENCLATURE
CASE NO. 10051
Order No. R-9275

APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA d/b/a UNOCAL FOR
POOL CONTRACTION AND SPECIAL POOL
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 22, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of August, 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-3843, as amended, dated September 24, 1969, the Division created and defined the Esperanza-Delaware Oil Pool, Eddy County, New Mexico, which currently comprises the following described acreage:

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TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 28: All

Section 33: All

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 3: S/2 S/2

Section 4: All

Section 10: NE/4 and NE/4 NW/4

Section 11: W/2 NW/4 and NW/4 SW/4

(3) The applicant, Union Oil Company of California (Unocal), seeks to contract the horizontal limits of the Esperanza-Delaware Pool by deleting all of Sections 28 and 33, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and further seeks the promulgation of Special Pool Rules which provide for a 120 barrel per day special oil allowable.

(4) The applicant is the operator of all five wells currently producing from the subject pool, including the Tracy Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 10, which was the discovery well for the Esperanza-Delaware Pool.

(5) According to the evidence, said Tracy Well No. 1 has produced at current top allowable for the Esperanza-Delaware Pool (80 barrels of oil per day) for a period of approximately 21 years.

(6) The remaining four wells in the subject pool currently produce at rates of 32 barrels of oil per day or less.

(7) The applicant seeks an increase in the oil allowable in order to recover the remaining reserves in an accelerated manner so as to avoid reduced recovery which may result should the Tracy Well No. 1 experience mechanical failure due to its age and condition.

(8) Testimony and evidence presented by the applicant indicates that the Esperanza-Delaware Pool, a solution gas drive reservoir, should not be adversely affected by the proposed increased oil allowable.

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(9) The evidence further indicates that there is currently no production, nor has there ever been any production originating from said Sections 28 and 33, and therefore the request for the contraction of the subject pool should be approved.

(10) The applicant is currently the only operator within the Esperanza-Delaware Pool, and no other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(11) Approval of the proposed oil allowable increase should not have any adverse affect on the reservoir, will enable the applicant to recover the remaining reserves efficiently and effectively, may prevent reduced recovery, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Esperanza-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 28: All

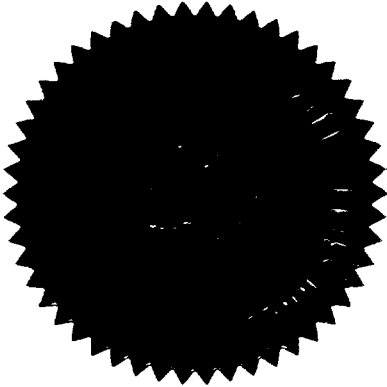
Section 33: All

(2) The Esperanza-Delaware Pool is further assigned a Special Oil Allowable of 120 barrels of oil per day until further order of the Division.

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

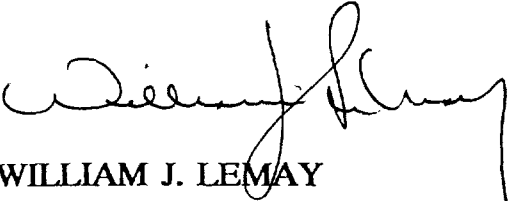
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director