

**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:**

**CASE NO. 10935 (Reopened)
Order No. R-10096-A**

**IN THE MATTER OF CASE NO. 10935 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
DIVISION ORDER NO. R-10096, WHICH
ORDER PROMULGATED SPECIAL RULES AND
REGULATIONS FOR THE NASH DRAW-BRUSHY
CANYON 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 November 16, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of December, 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 law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-10096 entered in Case No. 10935 on April 11, 1994, the Division, upon application of Strata Production Company, established a limiting gas-oil ratio of 8,000 cubic feet of gas per barrel of oil for the Nash Draw-Brushy Canyon Pool, Eddy County, New Mexico.

(3) The aforesaid limiting gas-oil ratio for the Nash Draw-Brushy Canyon Pool was established for a temporary period of eighteen months.

(4) Pursuant to the requirements of Order No. R-10096, this case was reopened to allow the operators in the subject pool to appear and present evidence and testimony as to whether the limiting gas-oil ratio for the Nash Draw-Brushy Canyon Pool should remain at 8,000:1 or revert back to the statewide gas-oil ratio limitation of 2,000:1.

(5) Strata Production Company, one of two current operators in the pool, appeared and presented evidence and testimony to support its request that the Temporary Special Rules and Regulations for the Nash Draw-Brushy Canyon Pool be made permanent.

(6) The Nash Draw-Brushy Canyon Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 12: S/2

Section 13: N/2, SE/4

Section 14: NE/4

Section 24: NE/4

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 18: NW/4

Section 19: W/2

Section 30: N/2

(7) There are fifteen wells currently producing from the Nash Draw-Brushy Canyon Pool.

(8) Thirteen of the fifteen producing wells in the pool are located within Strata Production Company's Nash Unit, a federal exploratory unit.

(9) The engineering evidence and testimony presented by Strata Production Company in this case indicates that:

- a) the main producing intervals within the Nash Draw-Brushy Canyon Pool are the "K" and "L" sand intervals located within the Basal Brushy Canyon member. The "K" and "L" sand intervals contain numerous separate producing "reservoirs";

- b) the Nash Draw-Brushy Canyon Pool is produced from the same Basal Brushy Canyon member and exhibits the same producing characteristics as the East Loving-Delaware Pool which is located approximately six miles to the west in Township 23 South, Range 28 East. The East Loving-Delaware Pool is currently governed by Special Rules and Regulations including a limiting gas-oil ratio of 8,000 cubic feet of gas per barrel of oil;
- c) the Nash Draw-Brushy Canyon Pool is a solution gas-drive reservoir which has no gas cap and no water drive;
- d) the subject reservoir does not appear to be rate sensitive; and,
- e) continued production at a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil should not decrease ultimate oil recovery from the pool.

(10) BK Petroleum, the only other operator in the pool, did not appear at the hearing either in support of or in opposition to the continuation of the current limiting gas-oil ratio.

(11) The evidence and testimony presented by Strata Production Company in this case indicates that continued production at a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil should not decrease ultimate oil recovery and should otherwise not be detrimental to the reservoir.

(12) The Temporary Special Rules and Regulations for the Nash Draw-Brushy Canyon Pool should be made permanent.

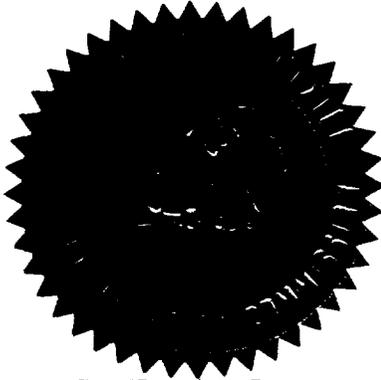
IT IS THEREFORE ORDERED THAT:

(1) The Temporary Special Rules and Regulations for the Nash Draw-Brushy Canyon Pool, including the provision for a limiting gas-oil ratio of 8,000 cubic feet of gas per barrel of oil, as promulgated by Division Order No. R-10096, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

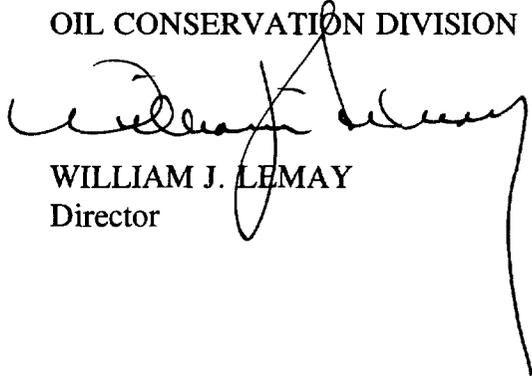
CASE NO. 10935 (Reopened)
Order No. R-10096-A
Page -4-

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