

**CASE NO. 11429**  
**Order No. R-10547**  
**Page -3-**

---

(8) Similarly, the evidence shows that the SDE "31" Well No. 14, which initially produced at a rate of approximately 175 BOPD from the Bone Spring formation, produces at a rate of approximately 78 BOPD after just two months of production.

(9) Applicant testified that at the current rate of decline of Bone Spring production, the existing Bone Spring producing wells within the development area may soon reach their economic limit (estimated by the applicant to be approximately 20 BOPD).

(10) Applicant's geologic evidence shows that the existing SDE "31" Well Nos. 2, 4, 5 and 14 have developed the thicker and better portion of the Bone Spring reservoir underlying the development area. Additional Bone Spring wells drilled within this area are likely to exhibit lower producing rates than those obtained by the existing wells.

(11) Applicant's geologic evidence further indicates that within the development area there is potential for production from the Upper Brushy Canyon and possibly the Lower Brushy Canyon members of the Delaware formation. The Upper Brushy Canyon member is the interval applicant intends to target in the proposed recompletions.

(12) Production data from existing wells located to the north and south of the development area in Section 30, Township 23 South, Range 32 East, and Section 6, Township 24 South, Range 32 East, respectively, indicates that the Delaware formation exhibits:

- a) relatively high initial producing rates in the range of approximately 200 barrels of oil per day;
- b) high rates of water production which average approximately 220 barrels per day; and,
- c) relatively high decline rates in the range of 50-60 percent.

(13) The production data presented by the applicant further indicates that within 6-12 months of production, Delaware wells in this area generally produce at a rate of less than 100 barrels of oil per day.

(14) At the time of the hearing, the applicant testified that it is currently recompleting the SDE "31" Well No. 2 to the Upper Brushy Canyon interval. The well tested at a rate of 124 BOPD, 50 MCFGD, and 202 barrels of load water.