

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. 12176
Order No. R-11173

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN RIO ARRIBA
AND SAN JUAN COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 29, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 5th day of May, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) There is need for the creation of a new pool in Rio Arriba County, New Mexico, for the production of gas from the Nacimiento formation, bearing the designation of Cabresto Canyon-Nacimiento Pool. The Cabresto Canyon-Nacimiento Pool was discovered by the Mallon Oil Company Jicarilla 464 30 Well No. 10 located in Unit F of Section 30, Township 30 North, Range 3 West, NMPM, which was completed in the Nacimiento formation on June 27, 1998. The top of the perforations is at 2,540 feet.
- (3) There is need for the creation of a new pool in Rio Arriba County, New Mexico, for the production of gas from the San Jose formation, bearing the designation of Cabresto Canyon-San Jose Pool. The Cabresto Canyon-San Jose Pool was discovered by the Mallon Oil Company Jicarilla 457 20 Well No. 7 located in Unit G of Section 20, Township 30 North, Range 3 West, NMPM, which was completed in the San Jose formation on March 23, 1998. The top of the perforations is at 1,692 feet.
- (4) There is need for certain extensions to the Bisti-Chacra Pool, the Fulcher

Kutz-Pictured Cliffs Pool, and the West Kutz-Pictured Cliffs Pool, all in San Juan County, New Mexico, the East Blanco-Pictured Cliffs Pool and the La Jara-Pictured Cliffs Pool, both in Rio Arriba County, New Mexico, and the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico.

(5) The effective date of this order and all creations and extensions included herein should be May 1, 1999.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Rio Arriba County, New Mexico, classified as a gas pool for Nacimiento production is hereby created and designated as the Cabresto Canyon-Nacimiento Pool, consisting of the following described area:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM
Section 30: NW/4

(b) A new pool in Rio Arriba County, New Mexico, classified as a gas pool for San Jose production is hereby created and designated as the Cabresto Canyon-San Jose Pool, consisting of the following described area:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM
Section 20: NE/4

(c) The Bisti-Chacra Pool in San Juan County, New Mexico, is hereby extended to include:

TOWNSHIP 22 NORTH, RANGE 9 WEST, NMPM
Section 2: NE/4

(d) The East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM
Section 6: All

(e) The Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 13 WEST, NMPM
Section 25: All
Section 26: S/2
Section 35: N/2
Section 36: N/2

(f) The West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 15: NW/4

(g) The La Jara-Pictured Cliffs Pool in Rio Arriba County, New Mexico, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 2: S/2

Section 10: NE/4

Section 11; N/2

Section 12: NW/4

(h) The Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 23: SW/4

Section 26: NE/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 5: N/2

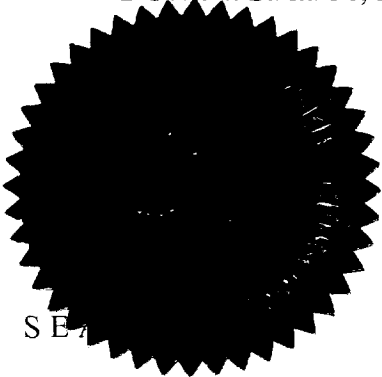
Section 6: N/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within that 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be May 1, 1999.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director