

(NORTH EUNICE BLINEBRY-TUBB-DRINKARD OIL AND GAS POOL - Cont'd.)

Operator & Well Name	Unit Well No.	Location (T-21S, R-37E)	Proposed Completion
Section 22:			
Shell Western Turner No. 10	902	2080 FSL; 1650 FWL	Blinebry/Tubb

NOTE: The three wells described above are currently completed in the Tubb formation only.

PROPOSED RECOMPLETED GAS WELLS

Section 2:			
Meridian Oil State "2" No. 8	116	5790 FSL; 660 FWL	Blinebry
Meridian Oil State "2" No. 3	215	3175 FSL; 660 FWL	Blinebry
Shell Western State "2" No. 15	216	3546 FNL; 1650 FWL	Blinebry

Section 3:			
Shell Western Taylor Glenn No. 9	107	1585 FNL; 1980 FWL	Blinebry
Conoco Hawk B-3 No. 12	305	1980 FSL; 1980 FEL	Blinebry/Tubb

Section 4:			
Shell Western Livingston No. 12	201	4520 FSL; 660 FEL	Blinebry

Section 10:			
Conoco Hawk B-10 No. 2	404	1980 FNL; 2310 FWL	Blinebry
Conoco Hawk B-10 No. 9	405	660 FNL; 1980 FEL	Blinebry
Meridian Oil Dauron No. 2	409	660 FNL; 525 FEL	Blinebry

Section 11:			
Meridian Oil Gutman No. 2	510	1980 FSL; 990 FWL	Blinebry/Tubb

Section 15:			
Cities Service State "S" No. 1	602	1980 FNL; 660 FWL	Blinebry
Cities Service State "S" No. 5	608	1980 FNL; 1880 FWL	Tubb
Shell Western State "15" No. 1	611	1980 FNL; 1978 FEL	Blinebry/Tubb
Marathon Oil Warlick "C" No. 9	710	990 FSL; 990 FEL	Blinebry/Tubb

Section 22:

Shell Western Argo "A" No. 11	804	1650 FNL; 1650 FWL	Blinebry/Tubb
Shell Western Turner No. 14	906	2310 FSL; 2310 FEL	Blinebry/Tubb

Section 23:

Shell Western Sarkeys No. 2	913	1980 FSL; 1980 FWL	Blinebry/Tubb
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SANTO NINO-BONE SPRING POOL
Eddy County, New Mexico

Order No. R-8546, Creating and Adopting Temporary Operating Rules for the Santo Nino-Bone Spring Pool, Eddy County, New Mexico, November 17, 1987.

Order No. R-8546-A, August 25, 1994, continues in full force and effect the rules adopted in Order No. R-8546.

The Application of Manzano Oil Corporation for Pool Creation and Special Pool Rules, Eddy County, New Mexico.

CASE NO. 9253
Order No. R-8546

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on November 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of November, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and having been 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) The applicant, Manzano Oil Corporation, is the owner and operator of the Elliott Federal Well No. 1 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 30, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, which was spudded November 21, 1977, drilled to a total depth of 11,800 feet, and plugged and abandoned in January 1978. On July 18, 1987 this well was re-entered and in August, 1987 was recompleted to and successfully tested the Bone Spring formation.

Oil Conservation Division

Case No. _____

Exhibit No. _____

(SANTO NINO-BONE SPRING POOL - Cont'd.)

(3) Applicant now seeks the creation of a new pool for the production of oil from the Bone Spring formation and the promulgation of temporary special pool rules including a provision for well location requirements and a provision for 80-acre spacing and proration units.

(4) The evidence presently available indicates that the aforementioned Elliott Federal Well No. 1 has discovered a separate common source of supply in the Bone Spring formation from 7,153 feet to 8,230 feet.

(5) There is ample evidence in the record on this case which indicates that the Bone Spring formation encountered in the above-described well is of high permeability and that the drainage radius of the well will be in excess of 40 acres.

(6) In order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the proposed pool.

(7) The temporary special rules and regulations should also provide for restrictive well locations in order to assure orderly development of the pool and protect correlative rights.

(8) At the request of the applicant, temporary special rules and regulations for the proposed pool should be established for a three-year period in order to allow the operators in the subject pool to gather sufficient reservoir information to show that an 80-acre unit in the area can be efficiently and economically drained and developed by one well.

(9) A new pool classified as an oil pool for Bone Spring production should be created and designated the Santo Nino-Bone Spring Pool, with vertical limits to include the Bone Spring formation and the horizontal limits comprising the E/2 NE/4 of Section 30, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

(10) This case should be reopened at an examiner hearing in November, 1990, at which time the operators in the subject pool should be prepared to appear and show cause why the Santo Nino-Bone Spring Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED THAT:

(1) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production, is hereby created and designated the Santo Nino-Bone Spring Pool, with vertical limits comprising the Bone Spring formation and the horizontal limits comprising the following described area.

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 30: E/2 NE/4

(2) Temporary Special Rules for said pool are hereby promulgated as follows:

SPECIAL RULES FOR THE
SANTO NINO-BONE SPRING POOL

RULE 1. Each well completed or recompleted in the Santo Nino-Bone Spring Pool or in the Bone Spring formation within one mile thereof, and not nearer to or within the limits of another designated Bone Spring Oil Pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section being a legal subdivision of the United States Public Lands Survey, provided, however, nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 30 days after the Director has received the application.

RULE 6. The allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 310 barrels per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proration. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS ORDERED THAT:

(3) The locations of any other wells drilling to or completed on or before the date of this order in the Santo Nino-Bone Spring Pool or within one mile thereof and not nearer to or within the limits of another designated Bone Spring Pool, are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before January 1, 1988.

(4) Pursuant to Paragraph A. of Section 70-2-18, NMSA 1978 Comp., contained in Laws of 1969, Chapter 271, existing wells in the Santo Nino-Bone Spring Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; and pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Santo Nino-Bone Spring Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (1) above, within one mile thereof shall receive no more than one-half of standard allowable for said pool.

(SANTO NINO-BONE SPRING POOL - Cont'd.)

(5) This case shall be reopened at an examiner hearing in November, 1990 at which time the operators in the subject pool may appear and show cause why the Santo Nino-Bone Spring Pool should not be developed on 40-acre spacing units.

(6) 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.

WEST LINDRITH GALLUP-DAKOTA OIL POOL
Rio Arriba County, New Mexico

Order No. R-4314-A, Adapting Operating Rules for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, January 7, 1988, as Amended by Order No. R-4314-A-1, January 7, 1988.

Order No. R-4314-A, as amended, rescinds Order No. R-4314, July 1, 1972.

In the Matter of the Hearing Called by the Oil Conservation Division on its Motion to Amend the Special Pool Rules for the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico.

CASE NO. 9226
CASE NO. 9227
Order No. R-4314-A

ORDER OF THE DIVISION

BY THE DIVISION: These consolidated cases came on for hearing at 9:00 a.m. on November 19, 1987, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of January, 1988, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of these causes, the parties and the subject matter thereof.

(2) In Case 9226 the Oil Conservation Division on its own motion seeks to amend the Special Pool Rules for the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as promulgated by Division Order No. R-4314, to reconsider the well location requirements poolwide, to restate the allowable in the pool to reflect the daily oil allowable for a 160-acre unit in the depth range of this pool to 382 BOPD as promulgated by Division General Rule 505, and to create a

buffer zone in those sections that adjoin the Gavilan-Mancos Oil Pool to the east (Sections 1, 12, 13, 24, 25 and 36, Township 25 North, Range 3 West, Rio Arriba County) with any additional provisions which may be necessary and/or advisable to protect correlative rights along the common boundary of the two pools.

(3) In Case 9227 the Oil Conservation Division seeks on its own motion to amend the Special Pool Rules for the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, as promulgated by Division Order No. R-7407, as amended, to create a buffer zone utilizing those existing proration units in Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31, and 32, Township 25 North, Range 2 West, that adjoin the West Lindrith Gallup-Dakota Oil Pool with any additional provisions which may be necessary and/or advisable to protect correlative rights along the common boundary of the two pools.

(4) On June 27, 1987, by Order R-8188-A, the Commission formed the Northeast Ojito Gallup-Dakota Oil Pool out of the Ojito Gallup-Dakota Oil Pool so that the southern boundary of the Northeast Ojito Gallup-Dakota Oil Pool was contiguous with part of the northern boundary of the Ojito Gallup-Dakota Oil Pool.

(5) By Order R-8544, entered on November 19, 1987, the Commission in Case 9228 abolished the Ojito Gallup-Dakota Oil Pool which had been spaced on 40-acre statewide spacing and proration units and extended the West Lindrith Gallup-Dakota Oil Pool which is spaced on 160-acre spacing and proration units and now adjoins the Northeast Ojito Gallup-Dakota Oil Pool.

(6) As a result of the entry of Order R-8544, the West Lindrith Gallup-Dakota Oil Pool was expanded so that its eastern boundary became contiguous with the western boundary of the Gavilan-Mancos Oil Pool which has special pool rules, including restricted allowables, 640-acre spacing and well locations no closer than 790 feet to the outer boundary of a spacing and proration unit.

(7) Geologic testimony and evidence indicate that while the Mancos formation in the western portion of the Gavilan-Mancos Oil Pool is in fact the same common source of supply as the Gallup formation in the West Lindrith and Northeast Ojito Pools, the quality and intensity of the fracture system in the Gavilan-Mancos Oil Pool diminishes to the west indicating that production in West Lindrith Pool may be less enhanced by natural fracturing.

(8) The engineering evidence indicated producing characteristics between typical wells in each pool are such that differences in allowables for wells in the respective pools will not cause violation of correlative rights.

(9) Present data is insufficient to determine if future wells drilled in the West Lindrith boundary area will be capable of draining any portion of the Gavilan-Mancos Oil Pool.

(10) The 160-acre gas limit for West Lindrith covers both Gallup (Mancos) and Dakota production and is 764 MCF (4.775 MCF/per acre) per day while the 640-acre gas limit for Gavilan, which covers Mancos only, is 480 MCF (0.75 MCF per acre) per day creating a difference in gas limits between the two pools of 2576 MCF (4.025 MCF per acre) per day per 640-acre tract.

(11) The testimony indicated there are no wells currently producing in the West Lindrith Pool boundary area that are capable of producing a 160-acre gas limit, however the area is sparsely developed at this time.

(12) Among the issues to be considered by the Commission was the creation of a buffer zone between the two pools and the adoption of a buffer gas allowable for those spacing units in each pool within approximately one-half mile of the common boundary.