

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8713
Order No. R-8063

APPLICATION OF DUGAN PRODUCTION
CORPORATION FOR POOL EXTENSION AND
AN UNORTHODOX OIL WELL LOCATION,
RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on October 9, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 3rd day of January, 1986, 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) The applicant, Dugan Production Corporation, seeks an order extending the horizontal limits of the Gavilan-Mancos Oil Pool to include the following additional lands in Rio Arriba County, New Mexico:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Sections 1 and 2: All
Sections 11 through 14: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Sections 25 and 26: All
Sections 35 and 36: All

(3) The applicant also seeks approval of an unorthodox oil well location for the Mallon Oil Co. Howard Federal Com

Well No. 8 located 1650 feet from the North line and 870 feet from the East line of Section 1, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

(4) The applicant further proposed that any other well currently drilling to or completed in the Mancos formation in the proposed extension area the location of which becomes unorthodox under the Gavilan-Mancos Oil Pool special rules should have such location approved automatically.

(5) The applicant is the owner of certain oil and gas interests within the proposed extension area.

(6) Benson-Montin-Greer Drilling Corporation, Koch Industries, Inc., Mallon Oil Company, and Southland Royalty Company, interest owners in the proposed extension area, have advised the Division of their support for extending the Gavilan-Mancos Oil Pool which is developed on 320-acre spacing units.

(7) There are six wells within the proposed extension area that penetrate the Mancos formation and the geological evidence presented at the hearing indicates that the Mancos formation is present in the proposed extension area.

(8) The geological and engineering evidence indicates also that the entire extension area could be adequately drained and developed on 320-acre spacing and proration units and should, therefore, be placed in the Gavilan-Mancos Oil Pool.

(9) If this application is granted and the Gavilan-Mancos Oil Pool is extended, Mallon Oil Company's Howard Federal Com Well No. 8 will be at an unorthodox location and this unorthodox location should be approved as well as all other locations rendered unorthodox as a result of this implementation of the Gavilan-Mancos Oil Pool rules.

IT IS THEREFORE ORDERED THAT:

(1) Effective January 1, 1986, the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is extended by the inclusion therein of the following described lands:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Sections 1 and 2: All
Sections 11 through 14: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

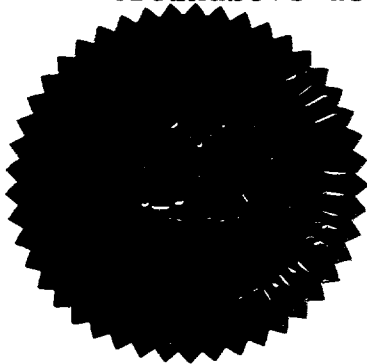
Sections 25 and 26: All
Sections 35 and 36: All

(2) The application of Dugan Production Corporation for approval of an unorthodox well location for the Mallon Oil Company Howard Federal Com Well No. 8 located 1650 feet from the North line and 870 feet from the East line of Section 1, Township 25 North, Range 2 West, Rio Arriba County, New Mexico, is hereby granted.

(3) The location of any other well currently drilling to or completed in that area of the Gavilan-Mancos Oil Pool extended herein, which well's location becomes unorthodox only as a result of application of the special rules for said pool, is hereby also approved.

(4) 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'R. L. Stamets', written over the printed name.

R. L. STAMETS,
Director