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January 8, 1987

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OIL CONSERVATION DIVISION

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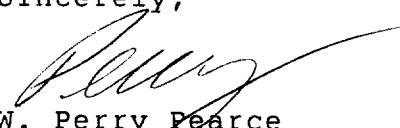
Re: Application of Mallon Oil Company

Dear Florene:

Attached are three copies of the Application of Mallon Oil Company for reinstatement of oil allowable and exception to Division Rule 502, Gavilan-Mancos Pool, Rio Arriba County, New Mexico. I would appreciate your setting this Application for hearing on the next available examiner docket.

Thank you for your help with this matter.

Sincerely,

  
W. Perry Pearce

WPP:ds

Enclosure

cc: Mallon Oil Company

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVSTION DIVISION

RECEIVED

APPLICATION OF MALLON OIL  
COMPANY FOR REINSTATEMENT  
AND OIL ALLOWABLE AND  
EXCEPTION TO DIVISION  
RULE 502, GAVILAN-MANCOS  
POOL, RIO ARriba COUNTY,  
NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO. 7073

APPLICATION

COMES NOW MALLON OIL COMPANY, by and through its attorneys  
Montgomery & Andrews, P.A. and applies to the New Mexico Oil  
Conservation Division for an Order reinstating certain oil  
production allowables and granting an exception to the provisions  
of Division Rule 502 for certain wells located in the Gavilan-  
Mancos Pool in Rio Arriba County, New Mexico. In support thereof  
applicant would show:

1. That applicant is the operator of certain wells in the  
Gavilan-Mancos Pool which wells include:

<u>WELL</u>	<u>LOCATION</u>
Ribeyowids-Federal No. 2-16	SE/SE §2 T25NR2W
Fisher-Federal No. 2-1	SE/NE §2 T25NR2W
Johnson-Federal No. 12-5	SW/NE §12 T25NRTW
The Howard-Federal No. 1-8	SE/NE §1 T25NR2W
The Howard-Federal No. 1-11	NE/SW §1 T25NR2W

located in Rio Arriba County, New Mexico.

2. That pursuant to Division Order R-8063 these wells were  
included within the Gavilan-Mancos Pool effective January 1,  
1986.

3. That pursuant to the terms of such Order these wells

3. That pursuant to the terms of such Order these wells were entitled to higher oil production allowables and were produced according to those higher allowables from January 1, 1986 through April of 1986. However, due to clerical inadvertence the actual allowables assigned to these wells for the months of January, February, March and April of 1986 were lower than the allowables to which these wells were entitled and the production levels were higher than the allowable assigned through error.

4. That the Oil Conservation Commission by its Order R-7407-D reduced the oil and casinghead gas allowables for the Gavilan Pool.

5. That the allowables which would have been properly assigned to these wells during the months of January, February, March and April of 1986 and according to which the wells were produced were higher than the allowables assigned under the provisions of Order R-7407-D and as a result the status of these wells is currently listed as overproduced.

6. That the reinstatement of the allowables which should have been assigned to these wells for the months of January, February, March and April of 1986 would have the effect of reducing or eliminating the overproduction presently attributed to these wells and would act to prevent the waste of natural resources and would act to protect the correalative rights of all parties.

WHEREFORE applicant requests that the oil allowables which should have been assigned to these wells for the months of

January, February, March and April of 1986 be attributed to these wells and that the Division grant an exemption to the provisions of Division Rule 502 which limit the period of time an operator is granted to make up overproduction of oil and casinghead gas.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By



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