

DANIEL S. NUTTER

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

PHONE (505) 982-0757

July 31, 1984

RECEIVED

JUL 31 1984

OIL CONSERVATION DIVISION

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

On behalf of Mesa Grande Resources, Inc., it is hereby requested that you withdraw our letter dated July 17, 1984, requesting dismissal without prejudice of our Case No. 8286, the application of Mesa Grande Resources for creation of the Gavilan Greenhorn-Graneros-Dakota oil pool and the promulgation of special pool rules, including a provision for 160-acre spacing, Rio Arriba County, New Mexico. The request for dismissal also contained notice that we would refile the application at some later date.

It is our understanding that on the same day that you received our letter requesting dismissal, an application was filed with you on behalf of Jerome P. McHugh, requesting a hearing to consider the creation of virtually the same oil pool, although with somewhat different horizontal limits, and the promulgation of special pool rules, including a provision for 320-acre spacing. McHugh also requested that Mesa Grande's case be continued to the latter part of August, and that it be heard at the same time that their case is heard.

We fully concur that both cases should be heard at the same time. However, the same extenuating circumstances which precipitated our earlier request for dismissal still prevail, and we will be unable to pursue Case 8286 or the McHugh case in the latter part of August.

Joe D. Ramey
July 31, 1984
Page 2

We therefore would respectfully request that both cases be docketed for hearing sometime during the week of September 17. This is the earliest date which we can possibly properly participate in this hearing, which is of great importance not only to Mesa Grande, a major interest owner in the proposed pool, but also to the other operators in the pool, the many royalty owners in the pool, and the State of New Mexico. Your kind consideration in this matter will be greatly appreciated.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Daniel S. Nutter', with a stylized, flowing script.

Daniel S. Nutter, P.E.

DSN:ms

Mr. E. Alex Phillips, President
Mesa Grande Resources, Inc.
1200 Philtower Building
Tulsa, Oklahoma 74103

Mr. Frank T. Chavez, Supervisor
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Owen Lopez, Esq.
Hinkle Law Firm
Post Office Box 2068
Santa Fe, New Mexico 87504

W. Thomas Kellahin, Esq.
Post Office Box 2265
Santa Fe, New Mexico 87504

Ernest L. Padilla, Esq.
Post Office Box 2523
Santa Fe, New Mexico 87501

DANIEL S. NUTTER

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

PHONE (505) 982-0757

July 17, 1984

RECEIVED

JUL 18 1984

OIL CONSERVATION DIVISION

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 8286, Application of Mesa Grande Resources, Inc., for creation of an oil pool and the promulgation of special pool rules, Rio Arriba County, New Mexico

Dear Mr. Ramey:

It is respectfully requested that the above-captioned case, set for hearing by the Oil Conservation Commission on its August 1, 1984, docket, be dismissed without prejudice.

At some future date we will refile the application for hearing of this matter.

Thank you.

Very truly yours,



Daniel S. Nutter, P.E.

DSN:ms

cc: Mr. E. Alex Phillips, President
Mesa Grande Resources, Inc.
1200 Philtower Building
Tulsa, Oklahoma 74103

Owen Lopez, Esq.
Hinkle Law Firm
Post Office Box 2068
Santa Fe, New Mexico 87504

BEFORE THE OIL CONSERVATION COMMISSION
ENERGY AND MINERALS
STATE OF NEW MEXICO

IN THE MATTER OF THE
APPLICATION OF JEROME MCHUGH
& ASSOCIATES FOR CREATION OF THE
GAVILAN-GREENHORN GRANEROS DAKOTA
OIL POOL AND ADOPTION OF SPECIAL RULES
INCLUDING 320 ACRE SPACING, RIO ARRIBA
COUNTY, NEW MEXICO

CASE NO. 8350

STATEMENT OF BENSON-MONTIN-GREER
DRILLING CORP.

Benson-Montin-Greer Corp., in support of the above referenced application states:

1. It approves of commingling of Dakota and Greenhorn formations for the reason that it is difficult if not impossible, to physically separate the production from the two formations.

2. On December 20, 1983, the Oil Conservation Commission issued its Order No. R-7407 establishing the Gavilan-Mancos Oil Pool. In its Order the Commission issued temporary 320 acre spacing special pool rules for a period of three years. In particular, the Commission's Order adopts a restriction requiring that no more than one well be completed in the Gavilan-Mancos Oil Pool in the E/2 of each section adjoining the western boundary of the West Puerto Chiquito-Mancos Oil Pool, and shall be no closer than 1650 feet to the common boundary line between the two pools. The basis of this restriction, supported by the evidence introduced at the hearing of the matter, was to protect the correlative rights of interested parties in the West Puerto-Chiquito Mancos Oil Pool.


The application of Mesa Grande Resources in Case No. 8286 for 160 acre spacing in the Dakota formation, if approved at this time, could potentially negate protection of correlative rights afforded by Order R-7407. Insufficient data exists to support a demand for 160 acre spacing. In fact, the available data indicates that a Dakota well or a Dakota/Greenhorn well by itself may not be economic. The obvious effect of such uneconomic results of a Dakota or Dakota/Greenhorn completion would be for an operator of such a well to seek relief from the Commission to allow completion of the Mancos formation in the well bores of such wells which would have been drilled on 160 acre spacing. Such a practice would clearly frustrate and nullify the intent and purpose of the temporary nature of Order R-7407. The temporary nature of Order R-7407 is obviously to allow additional data to be developed during the three year period of the temporary rules to determine if spacing changes for the Mancos formation are warranted.

CONCLUSION

Thus, unless and until Dakota or Dakota/Greenhorn completions can be found to be economically viable by themselves on 160 acre spacing, the spacing patterns for the Dakota formation in the area of application should remain consistent with the provisions of Order R-7407.

Respectfully submitted,

By:



Ernest L. Padilla
Attorney for
Benson-Montin-Greer
Drilling Corp.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

December 12, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Owen M. Lopez
Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
Post Office Box 2068
Santa Fe, New Mexico

Re: CASE NO. 3286
ORDER NO. R-7746

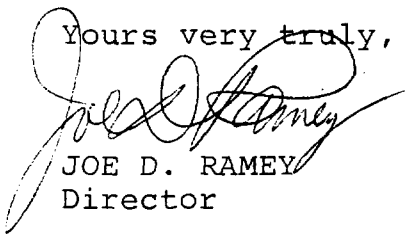
Applicant:

Mesa Grande Resources, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other Thomas Kellahin, Tommy Roberts, Ernest L. Padilla