

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 8854
Order No. R-8268

APPLICATION OF THE OIL CONSERVATION DIVISION
ON ITS OWN MOTION FOR EXCEPTIONS TO THE ONE
WELL PER PRORATION UNIT LIMITATION AND 320-ACRE
SPACING PROVISIONS OF THE SPECIAL RULES AND
REGULATIONS GOVERNING THE GAVILAN-GREENHORN-
GRANEROS-DAKOTA AND GAVILAN-MANCOS OIL POOLS
AS PROMULGATED BY DIVISION ORDERS NOS. R-7745
AND R-7407, RESPECTIVELY, RIO ARRIBA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 2, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of July, 1986, the Division Director, having considered 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 case and the subject matter thereof.

(2) The Special Rules and Regulations governing the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools as promulgated by Division Orders Nos. R-7745 and R-7407, respectively, both provide for 320-acre spacing and proration units to be dedicated to only one well within each unit.

(3) Due to a variation in legal subdivisions of the United States Public Land Surveys along the western boundary of Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, Sections 6, 7, 18, 19, 30, and 31 within said township are irregular in size.

(4) The Oil Conservation Division seeks an exception to the 320-acre spacing and proration unit provision for the sections listed above and proposes that the following described non-standard spacing and proration units be established for both pools in Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico:

<u>Unit</u>	<u>Acreage</u>	<u>Sections</u>	<u>Description</u>
1	505.20	5 6	Lots 3 & 4, S/2 NW/4, and SW/4 All
2	505.84	7 8	All W/2
3	506.36	17 18	W/2 All
4	506.76	19 20	All W/2
5	413.59	29 30	N/2 Lots 1 and 2
6	413.73	29 30	S/2 Lots 3 and 4
7	507.88	31 32	All W/2

(5) The applicant also seeks an exception to the one well per proration unit limitation provision in both pools and proposes to allow two wells to be completed in each of the above described units, provided said wells are located in conformance with the respective pool rules and not closer than 1580 feet.

(6) The acreage contained in each individual proration unit should be based on the latest official surveys and/or resurveys accepted by the United States Department of the Interior.

(7) At the time of the hearing, the Oil Conservation Division requested that those non-standard units designated as Units Nos. 4, 5, and 6, above, be dismissed.

(8) The horizontal limits of the Gavilan-Mancos Oil Pool currently comprise the following described lands in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Sections 1 through 3: All
Sections 11 and 12: All

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Sections 1 and 2: All
Sections 11 through 14: All
Section 17: W/2

Sections 19 through 30: All
Sections 33 through 36: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Sections 25 and 26: All
Sections 35 and 36: All.

(9) The horizontal limits of the Gavilan-Greenhorn-Graneros-Dakota Oil Pool currently are comprised of Sections 1 through 3, Township 24 North, Range 2 West, NMPM, and Sections 17 through 30, and 33 through 36, Township 25 North, Range 2 West, NMPM, all in Rio Arriba County, New Mexico.

(10) The Special Rules and Regulations governing both pools limit the extent of the provisions set forth to the pool boundaries and to within one mile of said boundary.

(11) Amoco Production Company appeared at the hearing and objected to the creation of the non-standard proration unit designated as Unit No. 1 in Finding Paragraph No. (4), above, on the grounds that the proposed unit lies outside of the jurisdictional boundary of both pools.

(12) Subsequent to the hearing a well was completed in the Mancos formation in the SE/4 SW/4 of Section 8, Township 25 North, Range 2 West, NMPM, and within one mile of said Unit No. 1 and the proposed unit should therefore be established.

(13) No party objected to the establishment of the remaining proposed units or to the exceptions to the Special Rules for both pools within said units.

(14) In order to ensure systematic development in the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools in Sections 7, 8, 17, 18, 31, and 32 of said Township 25 North, Range 2 West, thereby preventing waste and protecting correlative rights, the Division should establish the remaining three individual non-standard proration units described as Units Nos. 2, 3, and 7 in Finding Paragraph No. (4) above.

(15) Each of the three above-described units should be assigned an acreage factor in the proportion that the number of acres in each unit bears to 320.

(16) If two wells on the same proration unit should be completed in either pool on the three subject units, the operator may produce the allowable assigned to the proration unit from the wells in that unit in any proportion.

IT IS THEREFORE ORDERED THAT:

(1) The following described four non-standard oil spacing and proration units are hereby established for the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools, Rio Arriba County, New Mexico:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

<u>Unit</u>	<u>Acreage</u>	<u>Section</u>	<u>Description</u>
1	505.20	5 6	Lots 3 & 4, S/2 NW/4 & SW/4 All
2	505.84	7 8	All W/2
3	506.36	17 18	W/2 All
4	507.88	31 32	All W/2

(2) The acreage contained in each of the above-described proration units is based on the latest official surveys and/or resurveys accepted by the United States Department of the Interior, and, in the event further official surveys are made in the subject township, the acreage in each affected proration unit shall conform to the change.

(3) Two wells in each pool in each of the three above-described units shall be permitted, provided that said wells are located in conformance with the respective field rules and are not closer to each other than 1580 feet.

(4) Each of the three above-described units shall be assigned an acreage factor in the proportion that the number of acres in each unit bears to 320.

(5) If two wells are subsequently completed on the same proration unit in any of the subject units, the operator may produce the allowable assigned to the unit from the wells in that unit in any proportion.

(6) Pursuant to the applicant's request those non-standard units designated as Units Nos. 4, 5, and 6 in Finding Paragraph No. (4) of this order are hereby dismissed.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets".

R. L. STAMETS,
Director