

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 12481
Order No. R-11445

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING,
ABOLISHING, AND EXTENDING CERTAIN
POOLS IN MCKINLEY, RIO ARRIBA, SAN
JUAN, AND SANDOVAL COUNTIES, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 24, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 5th day of September, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) There is need for the creation of a new pool in Rio Arriba County, New Mexico for the production of gas from the Tertiary Ojo Alamo, Nacimiento and San Jose formations, to be designated the Burro Canyon-Tertiary Pool. The Burro Canyon-Tertiary Pool was discovered by the Mallon Oil Company Jicarilla 28 02 11 Well No. 1 located in Unit C of Section 11, Township 28 North, Range 2 West, NMPM, which was completed in the Ojo Alamo, Nacimiento and San Jose formations on February 7, 1999. The top of the perforations is at 2,788 feet.

(3) There is need for the creation of a new pool in Rio Arriba County, New Mexico for the production of gas from the Tertiary San Jose, Nacimiento and Ojo Alamo formations, to be designated the Cabresto Canyon-Tertiary Pool. The Cabresto Canyon-

Tertiary Pool will include productive acreage from the Cabresto Canyon-San Jose Pool, the Cabresto Canyon-Nacimiento Pool, and the Cabresto Canyon-Ojo Alamo Pool. This creation is necessary in order to correct pool nomenclature.

(4) There is need for the creation of a new pool in McKinley County, New Mexico for the production of oil from the Entrada formation, to be designated the Northwest Eagle Mesa-Entrada Oil Pool. The Northwest Eagle Mesa-Entrada Oil Pool was discovered by the Penwell Energy Incorporated Federal 27 Well No. 1 located in Unit J of Section 27, Township 20 North, Range 4 West, NMPM, which was completed in the Entrada formation on February 27, 1998. The top of the perforations is at 5,864 feet.

(5) There is need for the creation of a new pool in McKinley County, New Mexico for the production of oil from the Entrada formation, to be designated the West Eagle Mesa-Entrada Oil Pool. The West Eagle Mesa-Entrada Oil Pool was discovered by the Penwell Energy Incorporated Eagle Springs 8 Federal Well No. 1 located in Unit B of Section 8, Township 19 North, Range 4 West, NMPM, which was completed in the Entrada formation on March 8, 2000. The top of the perforations is at 5,542 feet.

(6) There is need for the creation of a new pool in Rio Arriba County, New Mexico for the production of gas from the Tertiary San Jose, Nacimiento and Ojo Alamo formations, to be designated the La Jara Canyon-Tertiary Pool. The La Jara Canyon-Tertiary Pool was discovered by the Mallon Oil Company Jicarilla 29 02 9 Well No. 1 located in Unit L of Section 9, Township 29 North, Range 2 West, NMPM, which was completed in the San Jose formation on March 29, 1999. The top of the perforations is at 1,296 feet.

(7) There is need for the abolishment of the Cabresto Canyon-Nacimiento Pool in Rio Arriba County, New Mexico to correct pool nomenclature. The productive acreage from this pool will be placed in the Cabresto Canyon-Tertiary Pool.

(8) There is need for the abolishment of the Cabresto Canyon-Ojo Alamo Pool in Rio Arriba County, New Mexico to correct pool nomenclature. The productive acreage from this pool will be placed in the Cabresto Canyon-Tertiary Pool.

(9) There is need for the abolishment of the Cabresto Canyon-San Jose Pool in Rio Arriba County, New Mexico to correct pool nomenclature. The productive acreage from this pool will be placed in the Cabresto Canyon-Tertiary Pool.

(10) There is need for certain extensions to the BS Mesa-Gallup Pool, the East Blanco-Pictured Cliffs Pool, the South Blanco-Tocito Oil Pool, the Carracas-Pictured Cliffs Pool, the Gavilan-Pictured Cliffs Pool, the Gobernador-Pictured Cliffs Pool, the Ice Canyon-Gallup Pool, the Munoz Canyon-Gallup Pool, the Northeast Ojito-Gallup-Dakota Oil Pool, the Rosa-Pictured Cliffs Pool, the Tapacito-Pictured Cliffs Pool, and the Wildhorse-Gallup Pool, all in Rio Arriba County, New Mexico; the Blanco-Mesaverde Pool, the Blanco-Pictured Cliffs Pool, and the South Blanco-Pictured Cliffs Pool, all in

San Juan and Rio Arriba Counties, New Mexico; the Dusenberry-Gallup Pool, the Flora Vista-Fruitland Sand Pool, the Fulcher Kutz-Pictured Cliffs Pool, the South Gallegos-Fruitland Sand-Pictured Cliffs Pool, the Harper Hill-Fruitland Sand-Pictured Cliffs Pool, the South Los Pinos-Fruitland Sand-Pictured Cliffs Pool, the Meadows-Gallup Oil Pool, the Pierre Mesa-Mesaverde Oil Pool, the Twin Mounds-Fruitland Sand-Pictured Cliffs Pool, the Ute Dome-Dakota Pool, and the WAW-Fruitland Sand-Pictured Cliffs Pool, all in San Juan County, New Mexico; and the Rusty-Chacra Pool in San Juan and Sandoval Counties, New Mexico.

(11) The effective date of this order and all creations, abolishments, and extensions included herein should be September 1, 2000.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Rio Arriba County, New Mexico classified as a gas pool for Tertiary Ojo Alamo, Nacimiento and San Jose production is hereby created and designated as the Burro Canyon-Tertiary Pool, consisting of the following described area:

TOWNSHIP 28 NORTH, RANGE 2 WEST, NMPM

Section 3: All
Section 4: NE/4
Section 10: N/2
Section 11: NW/4

(b) A new pool in Rio Arriba County, New Mexico classified as a gas pool for Tertiary San Jose, Nacimiento and Ojo Alamo production is hereby created and designated as the Cabresto Canyon-Tertiary Pool, consisting of the following described area:

TOWNSHIP 29 NORTH, RANGE 3 WEST, NMPM

Section 3: N/2
Section 4: N/2 and SW/4

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM

Section 4: SW/4
Section 5: S/2
Section 6: SE/4
Section 7: E/2
Sections 8 and 9: All
Section 10: SW/4
Sections 16 and 17: All
Section 18: E/2
Section 19: E/2
Sections 20 and 21: All
Section 22: W/2
Section 27: W/2
Sections 28 through 30: All
Section 31: NE/4
Section 32: N/2
Section 33: All
Section 34: W/2

(c) A new pool in McKinley County, New Mexico classified as an oil pool for Entrada production is hereby created and designated as the Northwest Eagle Mesa-Entrada Oil Pool, consisting of the following described area:

TOWNSHIP 20 NORTH, RANGE 4 WEST, NMPM

Section 27: SE/4

(d) A new pool in McKinley County, New Mexico classified as an oil pool for Entrada production is hereby created and designated as the West Eagle Mesa-Entrada Oil Pool, consisting of the following described area:

TOWNSHIP 19 NORTH, RANGE 4 WEST, NMPM

Section 8: NE/4

(e) A new pool in Rio Arriba County, New Mexico classified as a gas pool for Tertiary San Jose, Nacimiento and Ojo Alamo production is hereby created and designated as the La Jara Canyon-Tertiary Pool, consisting of the following described area:

TOWNSHIP 29 NORTH, RANGE 2 WEST, NMPM

Section 9: SW/4

(f) The Cabresto Canyon-Nacimiento Pool in Rio Arriba County, New Mexico consisting of the following described area is hereby abolished:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM

Section 30: NW/4

(g) The Cabresto Canyon-Ojo Alamo Pool in Rio Arriba County, New Mexico consisting of the following described area is hereby abolished:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM

Section 4: SW/4
Section 5: S/2
Sections 7 and 8: All
Section 9: W/2
Sections 16 through 21: All
Section 22: W/2
Section 27: W/2
Sections 28 and 29: All
Section 32: N/2

(h) The Cabresto Canyon-San Jose Pool in Rio Arriba County, New Mexico consisting of the following described area is hereby abolished:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM

Section 30: NE/4

(i) The BS Mesa-Gallup Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

Section 28: SW/4
Section 32: SE/4
Section 33: W/2

(j) The Blanco-Mesaverde Pool in San Juan and Rio Arriba Counties, New Mexico is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 26: E/2

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

Section 16: SE/4
Section 21: E/2
Section 22: All

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 11: All
Section 12: N/2

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 23: All

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 11: E/2

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM

Section 18: E/2

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 17: W/2

Section 20: W/2

(k) The Blanco-Pictured Cliffs Pool in San Juan and Rio Arriba Counties, New Mexico is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 6: NW/4

Section 11: S/2

Section 12: NE/4 and S/2

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 1: NE/4

TOWNSHIP 30 NORTH, RANGE 7 WEST, NMPM

Section 31: W/2

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

Section 25: E/2

Section 36: E/2

(l) The East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 3 WEST, NMPM

Section 4: N/2

Section 5: NE/4

(m) The South Blanco-Pictured Cliffs Pool in San Juan and Rio Arriba Counties, New Mexico is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Section 1: SW/4

Section 2: SE/4

Section 12: NW/4

TOWNSHIP 29 NORTH, RANGE 6 WEST, NMPM

Section 31: S/2

(n) The South Blanco-Tocito Oil Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 1: All

Section 2: SE/4

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 33: N/2 SW/4

Section 36: All

(o) The Carracas-Pictured Cliffs Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 31 NORTH, RANGE 4 WEST, NMPM

Section 2: NE/4

TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM

Section 35: SE/4

(p) The Dusenberry-Gallup Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 1: S/2

Section 2: S/2

Section 3: SE/4

Section 10: NE/4

(q) The Flora Vista-Fruitland Sand Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 8: S/2

(r) The Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 23: SW/4

Section 26: NW/4 and SE/4

TOWNSHIP 30 NORTH, RANGE 13 WEST, NMPM

Section 26: NE/4

Section 27: SE/4

Section 34: NE/4

(s) The South Gallegos-Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 14: NW/4 and S/2

Section 24: NW/4

(t) The Gavilan-Pictured Cliffs Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 2 WEST, NMPM

Section 28: S/2

Section 31: S/2

Section 32: S/2

Section 33: All

TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM

Section 35: SE/4

Section 36: S/2

(u) The Gobernador-Pictured Cliffs Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM

Section 22: NE/4

TOWNSHIP 30 NORTH, RANGE 6 WEST, NMPM

Section 28: E/2

Section 33: E/2

Section 34: S/2

Section 35: S/2

Section 36: SW/4

(v) The Harper Hill-Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM

Section 2: W/2

Section 3: NW/4 and E/2

Section 10: NE/4

Section 11: N/2

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM

Section 16: All
Section 21: All
Section 27: W/2
Section 28: All
Section 34: SE/4 and W/2

(w) The Ice Canyon-Gallup Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 14: SW/4
Section 23: NW/4

(x) The South Los Pinos-Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM

Section 26: NW/4
Section 27: NE/4

(y) The Meadows-Gallup Oil Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM

Section 3: S/2 SW/4 and SW/4 SE/4
Section 4: S/2 SW/4, NE/4 SE/4, and S/2 SE/4
Section 5: SE/4 SW/4 and S/2 SE/4

TOWNSHIP 30 NORTH, RANGE 15 WEST, NMPM

Section 34: S/2 NE/4 and SE/4
Section 35: S/2 N/2 and S/2

(z) The Munoz Canyon-Gallup Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 5 WEST, NMPM

Section 17: E/2
Section 20: E/2 and SW/4
Section 21: S/2
Section 22: SW/4

(aa) The Northeast Ojito-Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM

Section 23: NW/4

Section 34: N/2

(bb) The Pierre Mesa-Mesaverde Oil Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM

Section 23: SW/4 SE/4

Section 26: NW/4 NE/4 and N/2 NW/4

Section 27: N/2 NE/4

(cc) The Rosa-Pictured Cliffs Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 31 NORTH, RANGE 5 WEST, NMPM

Section 31: E/2

TOWNSHIP 31 NORTH, RANGE 6 WEST, NMPM

Section 15: SE/4

Section 25: All

(dd) The Rusty-Chacra Pool in San Juan and Sandoval Counties, New Mexico is hereby extended to include:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 19: S/2

Section 20: SW/4

Section 29: N/2

Section 30: N/2

TOWNSHIP 22 NORTH, RANGE 8 WEST, NMPM

Section 23: SE/4

Section 24: S/2

Section 25: N/2

Section 26: N/2 and SW/4

Section 27: SE/4

(ee) The Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Section 12: NW/4

(ff) The Twin Mounds-Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM

Section 20: SW/4
Section 29: All
Section 30: E/2
Section 31: N/2 and SW/4
Section 32: NW/4
Section 33: N/2

TOWNSHIP 30 NORTH, RANGE 15 WEST, NMPM

Section 36: E/2

(gg) The Ute Dome-Dakota Pool in San Juan County, New Mexico is hereby extended to include therein:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 3: SE/4

(hh) The WAW-Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 15: NW/4
Section 16: N/2

(ii) The Wildhorse-Gallup Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM

Section 3: S/2
Section 4: S/2
Section 5: SE/4

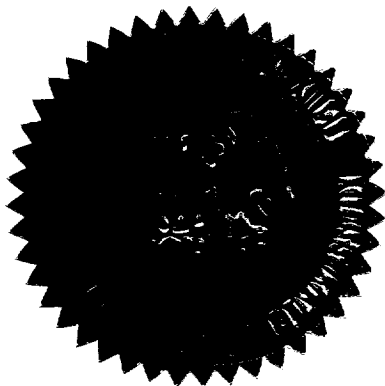
IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approval from the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within that 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations, abolishments, and extensions included herein shall be September 1, 2000.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director