

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. 12604
Order No. R-11540

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 22, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of February, 2001, 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 San Juan County, New Mexico for the production of gas from the Pictured Cliffs formation, bearing the designation of Bisti-Pictured Cliffs Pool. The Bisti-Pictured Cliffs Pool was discovered by the Dugan Production Corporation Phillips Well No. 1 located in Unit N of Section 5, Township 24 North, Range 9 West, NMPM, which was completed in the Pictured Cliffs formation on October 7, 1987. The top of the perforations is at 1,714 feet.

(3) There is need for the creation of a new pool in San Juan County, New Mexico for the production of gas from the Morrison formation, bearing the designation of Ute Dome-Morrison Pool. The Ute Dome-Morrison Pool was discovered by the Cross Timbers Operating Company Ute Indians A Well No. 22 located in Unit F of Section 2, Township 31 North, Range 14 West, NMPM, which was completed in the Morrison formation on July 25, 2000. The top of the perforations is at 2,486 feet.

(4) There is need for certain extensions to the Albino-Pictured Cliffs Pool, the Aztec-Fruitland Sand Pool, the Aztec-Pictured Cliffs Pool, the Flora Vista-Fruitland Sand Pool, the Fulcher Kutz-Pictured Cliffs Pool, the Harper Hill-Fruitland Sand-Pictured Cliffs Pool, the Kutz-Gallup Oil Pool, the West Kutz-Pictured Cliffs Pool, the South Los Pinos-Fruitland Sand-Pictured Cliffs Pool, and the Simpson-Gallup Oil Pool, all in San Juan County, New Mexico; the Blanco-Mesaverde Pool, the East Blanco-Pictured Cliffs Pool, the South Blanco-Pictured Cliffs Pool, the Cabresto Canyon-Tertiary Pool, the Gobernador-Pictured Cliffs Pool, the Otero-Chacra Pool, and the Tapacito-Gallup Associated Pool, all in Rio Arriba County, New Mexico; and the Blanco-Pictured Cliffs Pool and the Rosa-Pictured Cliffs Pool, both in Rio Arriba and San Juan Counties, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in San Juan County, New Mexico classified as a gas pool for Pictured Cliffs production is hereby created and designated as the Bisti-Pictured Cliffs Pool, consisting of the following described area:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Section 5: NE/4

(b) A new pool in San Juan County, New Mexico classified as a gas pool for Morrison production is hereby created and designated as the Ute Dome-Morrison Pool, consisting of the following described area:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 2: N/2 and SW/4

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

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM
Section 15: S/2
Section 16: S/2

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

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Sections 2 and 3: All

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 34: All

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

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
Section 26: E/2

(f) The Blanco-Mesaverde Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Section 17: All

TOWNSHIP 31 NORTH, RANGE 5 WEST, NMPM
Section 27: All
Section 34: All

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

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM
Section 9: SE/4
Section 17: E/2 and SW/4
Section 18: SW/4

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 29: E/2

(h) 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 2: NW/4
Section 3: N/2

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM
Section 5: E/2
Sections 33 through 36: All

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Section 8: NE/4

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

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM

Section 16: W/2
Section 20: All
Section 21: W/2 and NE/4
Section 29: All

TOWNSHIP 29 NORTH, RANGE 6 WEST, NMPM

Section 31: N/2
Section 32: All

(j) The Cabresto Canyon-Tertiary Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 3 WEST, NMPM

Section 2: All
Section 3: SE/4
Section 11: All

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM

Section 26: SW/4
Section 27: SE/4
Section 34: E/2
Sections 35 and 36: All

(k) 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 1: NW/4
Section 4: W/2
Sections 5 and 6: All
Section 7: E/2
Section 8: N/2

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

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 17: All
Section 20: N/2 and SE/4

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

TOWNSHIP 30 NORTH, RANGE 6 WEST, NMPM

Section 8: SE/4
Section 17: E/2
Section 20: E/2
Section 21: S/2
Section 36: N/2

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

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM

Section 10: SE/4
Section 14: NW/4
Section 15: N/2

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

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 31: W/2 and NE/4

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

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM

Section 14: All
Section 23: All
Sections 26 and 27: All

(q) 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 11: S/2
Section 14: All
Section 23: All
Section 24: S/2
Section 25: N/2
Section 26: NE/4

(r) The Otero-Chacra Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 1: All
Sections 12 through 15: All
Section 16: NE/4

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 35: All

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

TOWNSHIP 30 NORTH, RANGE 6 WEST, NMPM

Section 2: E/2
Section 11: N/2

TOWNSHIP 31 NORTH, RANGE 6 WEST, NMPM

Section 35: SE/4

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

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 30: S/2

(u) The Tapacito-Gallup Associated Pool in Rio Arriba County, New Mexico is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

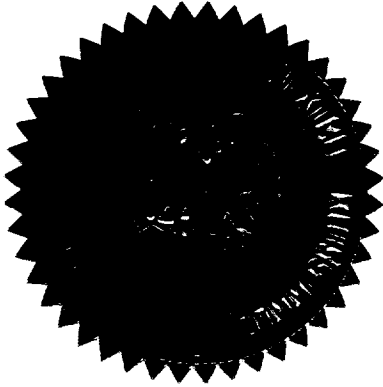
Section 27: NE/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, 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 approved by 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 and extensions included herein shall be March 1, 2001.

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