

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7619
CASE NO. 8153
Order No. R-7034-B

IN THE MATTER OF CASES NOS. 7619 AND
8153 BEING REOPENED ON THE MOTION OF
THE OIL CONSERVATION DIVISION PURSUANT
TO THE PROVISIONS OF ORDERS NOS. R-7034
AND R-7034-A, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on August 14, 1985, and at 8:00 a.m. on October 9, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 16th day of January, 1986, the Division Director, having considered the testimony, 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 cause and the subject matter thereof.
- (2) The Division, by its Order No. R-7034 entered July 28, 1982, in Case No. 7619, created the Counselors-Gallup Oil Pool, San Juan County, New Mexico, and promulgated temporary Special Pool Rules therefor, including a provision for 160-acre spacing and proration units.
- (3) The Division, by its Order No. R-7034-A entered April 20, 1984, in Case No. 8153, extended the vertical limits of said Counselors-Gallup Oil Pool to include the Dakota formation and redesignated said pool the Counselors Gallup-Dakota Oil Pool.
- (4) Pursuant to the provisions of said Orders Nos. R-7034 and R-7034-A, these cases were reopened to permit operators in

-2-

Case No. 7619

Case No. 8153

Order No. R-7034-B

the subject pool to appear and show cause why said pool should not be developed on less than 160-acre spacing.

(5) The main pay zones in the subject pool, in the Gallup formation, are continuous and correlative from the Northwest end of the pool to the Southeast end.

(6) The evidence presented demonstrates that under the present 160-acre spacing, there has been effective and efficient drainage and pressure depletion in the Counselors Gallup-Dakota Oil Pool, particularly in the Gallup formation.

(7) According to the evidence, the Dakota formation, although lacking the porosity and permeability of the Gallup formation, and not economically viable on its own as a single formation, does contribute reserves to those wells which are completed in both the Gallup and Dakota formations, and should continue to be included in the vertical limits of the subject pool.

(8) According to the evidence, the Counselors Gallup-Dakota Oil Pool is being effectively and efficiently drained on 160-acre spacing and proration units, and the Temporary Special Rules for said pool as promulgated by Division Orders Nos. R-7034 and R-7034-A should be made permanent.

(9) Making such orders permanent is in the interest of conservation and will protect correlative rights and prevent waste.

IT IS THEREFORE ORDERED THAT:

(1) The Temporary Special Rules for the Counselors Gallup-Dakota Oil Pool promulgated by Division Order No. R-7034 are hereby made permanent and shall continue in full force and effect until further order of the Division.

(2) The consolidation of the Gallup formation and the Dakota formation into the vertical limits of the Counselors Oil Pool and designation of said pool as the Counselors Gallup-Dakota Oil Pool by Division Order No. R-7034-A is hereby made permanent and shall continue in full force and effect until further order of the Division.

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

-3-

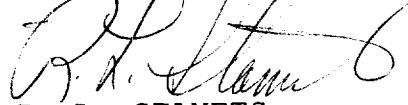
Case No. 7619

Case No. 8153

Order No. R-7034-B

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "R. L. Stamets", written over the printed name.

R. L. STAMETS,
Director

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