

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. 8768
Order No. R-8106

APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR THE EXTENSION OF THE
HORIZONTAL LIMITS OF THE WEST LINDRITH
GALLUP-DAKOTA OIL POOL AND THE
CONTRACTION OF THE HORIZONTAL LIMITS
OF THE OTERO-GALLUP OIL POOL,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 21, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of December, 1985, 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 applicant, Union Texas Petroleum Corporation, is the owner of certain oil and gas interests in Sections 3, 4, 9, and 10, Township 24 North, Range 5 West, NMPM, and in Sections 33 and 34, Township 25 North, Range 5 West, NMPM, all in Rio Arriba County, New Mexico.

(3) The applicant seeks the contraction of the horizontal limits of the Otero-Gallup Oil Pool by the deletion therefrom of the following described lands:

RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Irregular Section 3: W/2
Irregular Section 4: S/2
Section 9: N/2
Section 10: NW/4, SW/4 NE/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 33: SE/4
Section 34: SW/4

(4) The applicant further seeks the concomitant extension of the horizontal limits of the West Lindrith Gallup-Dakota Oil Pool to include the following described lands in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Irregular Section 3: W/2, SE/4, S/2 NE/4
Irregular Section 4: S/2
Section 9: N/2
Section 10: N/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 33: SE/4
Section 34: SW/4

(5) Several wells within the proposed extension area described in Finding Paragraph No. (4) above have previously received authority for downhole commingling of Gallup and Dakota production under provisions of Division Orders Nos. R-5354 and R-5354-A, dated January 17, 1977 and February 8, 1977, respectively.

(6) The evidence presented in this case indicates that the aforesaid wells in the proposed extension area are each capable of draining 160 acres, which is the proper spacing for wells within the West Lindrith Gallup-Dakota Oil Pool.

(7) The standard spacing and proration unit size in the Otero-Gallup Oil Pool is 40 acres.

(8) No party appeared and objected to the proposed contraction and extension of said pools.

(9) Contraction of the horizontal limits of the Otero-Gallup Oil Pool and the concomitant extension of the West Lindrith Gallup-Dakota Oil Pool, all as described in Finding Paragraphs Nos. (3) and (4) above, will permit the proper

development of the aforesaid pools, will not cause waste nor impair correlative rights and should therefore be approved, subject to the following provisions:

- A. The location of any well reclassified from the Otero-Gallup Oil Pool to the West Lindrith Gallup-Dakota Oil Pool whose location does not comply with the Special Pool Rules for the West Lindrith Gallup-Dakota Oil Pool should be automatically approved as an exception to the location requirements of said special pool rules.
- B. The operator of any well so reclassified should have 60 days from the date of entry of this order in which to file new Division Forms C-102, Well Location and Acreage Dedication Plat, for each well, dedicating thereto 160 acres, or to obtain approval of a non-standard proration unit.

IT IS THEREFORE ORDERED THAT:

(1) The Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion therefrom of the following described area:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Irregular Section 3: W/2
Irregular Section 4: S/2
Section 9: N/2
Section 10: NW/4, SW/4 NE/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 33: SE/4
Section 34: SW/4

(2) The West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein the following described area:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Irregular Section 3: W/2, SE/4, S/2 NE/4
Irregular Section 4: S/2
Section 9: N/2
Section 10: N/2

-4-

Case No. 8768
Order No. R-8106

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 33: SE/4

Section 34: SW/4

(3) Any well drilling to or completed in the Gallup and/or Dakota formations within the lands described in Ordering Paragraph No. (2), above, whose location does not comply with the well location requirements of the West Lindrith Gallup-Dakota Oil Pool as set forth in Order No. R-4314, is hereby granted an exception to said well location requirements.

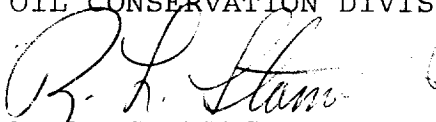
IT IS FURTHER ORDERED THAT:

(4) Pursuant to Section 70-2-18, NMSA (1978), any well, which by virtue of this order, is subject to pool rules providing for spacing and proration units larger than the one which is presently dedicated thereto, shall have 60 days from the date of entry of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said 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 said 60-day period shall subject the well to cancellation of allowable.

(5) Jurisdiction of this cause and the subject matter thereof is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS
Director

S E A L