

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. 9112
Order No. R-8417

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of March, 1987, 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) There is need for the creation of a new pool in McKinley County, New Mexico, for the production of oil from the Hospah formation, said pool to bear the designation of Nose Rock-Hospah Oil Pool. Said Nose Rock-Hospah Oil Pool was discovered by the Black Oil, Inc. NMALCO Gurley Well No. 1 located in Unit P of Section 9, Township 20 North, Range 12 West, NMPM. It was completed in the Hospah formation on May 15, 1986. The top of the perforations is at 2,180 feet.

(3) There is need for the creation of a new pool in McKinley County, New Mexico, for the production of oil from the Mesaverde formation, said pool to bear the designation of Pot Mesa-Mesaverde Oil Pool. Said Pot Mesa-Mesaverde Oil Pool was discovered by the Merrion Oil & Gas Corporation Pot Mesa Well No. 1 located in Unit B of Section 10, Township 20 North, Range 6 West, NMPM. It was completed in the Mesaverde formation on May 22, 1985. The top of the perforations is at 2,312 feet.

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(4) There is need for certain extensions to the Albino-Pictured Cliffs Pool, the Aztec-Pictured Cliffs Pool, the Beautiful Mountain-Mississippian Pool, the Bisti-Farmington Pool, the Bisti-Lower Gallup Oil Pool, the Bloomfield-Farmington Oil Pool, the Dufers Point Gallup-Dakota Oil Pool, the Flora Vista-Fruitland Pool, the Flora Vista-Gallup Pool, the Gallegos-Gallup Associated Pool, the West Kutz-Fruitland Pool, the Kutz-Gallup Oil Pool, the South Los Pinos Fruitland-Pictured Cliffs Pool, the Many Rocks-Gallup Oil Pool, the North Many Rocks-Gallup Oil Pool, the Nageezi-Gallup Oil Pool, the Potwin-Pictured Cliffs Pool, the Totah-Gallup Oil Pool, and the Twin Mounds Fruitland-Pictured Cliffs Pool, all in San Juan County, New Mexico, the Blanco-Pictured Cliffs Pool, the Escrito-Gallup Associated Pool, and the Otero-Chacra Pool, all in Rio Arriba and San Juan Counties, New Mexico, the South Blanco-Tocito Oil Pool, the Devils Fork-Gallup Associated Pool, the Gavilan Greenhorn-Graneros-Dakota Oil Pool, the Gavilan-Mancos Oil Pool, the Gavilan-Pictured Cliffs Pool, the Gobernador-Pictured Cliffs Pool, the Northeast Ojito Gallup-Dakota Oil Pool, the Otero-Gallup Oil Pool, and the Wild Horse-Gallup Pool, all in Rio Arriba County, New Mexico, the Blue Mesa-Mesaverde Oil Pool and the Chaco Wash-Mesaverde Oil Pool, both in McKinley County, New Mexico, the South Lindrith Gallup-Dakota Oil Pool, the West Lindrith Gallup-Dakota Oil Pool, and the Lybrook-Gallup Oil Pool, all in Rio Arriba and Sandoval Counties, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in McKinley County, New Mexico, classified as an oil pool for Hospah production, is hereby created and designated as the Nose Rock-Hospah Oil Pool, consisting of the following described area:

TOWNSHIP 20 NORTH, RANGE 12 WEST, NMPM
Section 9: SE/4 SE/4

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

TOWNSHIP 20 NORTH, RANGE 6 WEST, NMPM
Section 2: SW/4 SE/4 and S/2 SW/4
Section 3: S/2 SE/4 and SE/4 SW/4
Section 10: NW/4 NE/4 and NE/4 NW/4

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(c) The Albino-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM
Section 10: SE/4

(d) The Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM
Section 36: N/2 and SW/4

(e) The Beautiful Mountain-Mississippian Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 19 WEST, NMPM
Section 5: SW/4

(f) The Bisti-Farmington Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 33: NW/4

(g) The Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Section 30: S/2 NW/4 and SW/4
Section 31: N/2 NW/4

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM
Section 29: W/2
Section 32: N/2 NW/4

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 20: E/2
Section 21: NW/4 and N/2 SW/4
Section 26: NE/4
Section 29: N/2 NE/4

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(h) The Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 7: NW/4
Section 33: SW/4

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM
Section 12: NE/4

(i) The South Blanco-Tocito Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 3: NW/4
Section 4: NE/4

(j) The Bloomfield-Farmington Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 13: SE/4
Section 24: NE/4 and N/2 SE/4

(k) The Blue Mesa-Mesaverde Oil Pool in McKinley County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 NORTH, RANGE 5 WEST, NMPM
Section 11: N/2 SE/4

(l) The Chaco Wash-Mesaverde Oil Pool in McKinley County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 NORTH, RANGE 9 WEST, NMPM
Section 28: SE/4 NE/4

(m) The Devils Fork-Gallup Associated Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
Section 31: All

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM
Section 36: SE/4

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(n) The Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM
Section 5: SW/4
Section 8: NE/4

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM
Section 2: NE/4

(o) The Escrito-Gallup Associated Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 14: NW/4 NE/4 and NE/4 NW/4

(p) The Flora Vista-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
Section 16: E/2
Section 21: NE/4

(q) The Flora Vista-Gallup Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 30 NORTH, RANGE 13 WEST, NMPM
Section 4: N/2

(r) The Gallegos-Gallup Associated Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 21: SW/4
Section 28: NW/4

(s) The Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Section 2: All
Section 11: All
Section 14: All
Section 15: E/2

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(t) The Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM

Section 4: All
Section 5: E/2
Section 10: E/2
Sections 13 and 14: All

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 7: All
Section 8: W/2
Sections 15 and 16: All
Section 17: E/2
Section 18: All
Section 32: E/2

(u) The Gavilan-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 5: SE/4

(v) The Gobernador-Pictured Cliffs Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM

Section 2: NW/4
Section 3: NE/4

(w) The West Kutz-Fruitland Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 19: N/2

(x) The Kutz-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 1: SW/4
Section 2: SE/4
Section 11: NE/4
Section 12: NW/4

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(y) The South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM
Section 35: NE/4
Section 36: NW/4

(z) The West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 NORTH, RANGE 2 WEST, NMPM
SECTION 6: NW/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 18: NW/4
Section 35: All
Section 36: S/2 and NW/4

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 23: NW/4

(aa) The South Los Pinos Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Section 28: SW/4
Section 33: NW/4

(bb) The Lybrook-Gallup Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 1: S/2 NE/4, SE/4 NW/4,
E/2 SW/4, and SE/4
Section 12: S/2, NE/4, E/2 NW/4, and
SW/4 NW/4
Section 25: S/2 SE/4
Section 36: N/2 NE/4

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(cc) The Many Rocks-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 32 NORTH, RANGE 17 WEST, NMPM
Section 26: NE/4 SW/4

(dd) The North Many Rocks-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 32 NORTH, RANGE 17 WEST, NMPM
Section 21: SW/4 NW/4 and NW/4 SW/4

(ee) The Nageezi-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM
Section 16: SE/4

(ff) The Northeast Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 31: All

(gg) The Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
Section 4: SW/4
Section 9: NW/4

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
Section 11: E/2

(hh) The Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
Section 21: SE/4
Section 22: W/2 SW/4
Section 27: NW/4 NW/4
Section 28: N/2 NE/4, SW/4 NE/4, and
SE/4 NW/4

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(ii) The Potwin-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 17: NE/4

(jj) The Totah-Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Section 16: S/2 NW/4
Section 17: S/2 NE/4

(kk) The Twin Mounds Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM
Section 32: NE/4

(ll) The Wild Horse-Gallup Pool in Rio Arriba County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 5: SW/4
Section 6: All
Section 7: N/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date 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.

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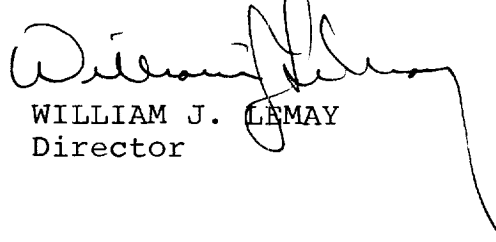
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(2) The effective date of this order and all creations and extensions included herein shall be April 1, 1987.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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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. 9105
Order No. R-8418

APPLICATION OF SAGE ENERGY COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of March, 1987, 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, Sage Energy Company, seeks approval of an unorthodox oil well location to be drilled 560 feet from the South line and 1100 feet from the West line of Section 29, Township 14 South, Range 34 East, NMPM, to test the Pennsylvanian formation, Lea County, New Mexico.

(3) The subject well is within the horizontal limits of the West Tres Papalotes-Pennsylvanian Pool and as such is subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-4286 dated April 17, 1972, which require well locations to be within 150 feet of the center of a governmental quarter-quarter section.

(4) The applicant proposes to dedicate a 160-acre standard proration unit to the well consisting of the SW/4 of said Section 29.

(5) The applicant testified that a well at said unorthodox location would better enable the applicant to produce the remaining recoverable reserves underlying the proration unit.

(6) At the time of the hearing the applicant requested authority to simultaneously dedicate the SW/4 of said Section 29 to the above described well and to its John Etcheverry Jr. Well No. 1 located 1980 feet from the South line and 660 feet from the West line of said Section 29, also producing from the West Tres-Palalotes Pennsylvanian Pool.

(7) No offset operator objected to the proposed unorthodox location or simultaneous dedication.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Sage Energy Company for an unorthodox oil well location for the Pennsylvanian formation is hereby approved for a well to be located 560 feet from the South line and 1100 feet from the West line (Unit M) of Section 29, Township 14 South, Range 34 East, NMPM, West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico.

(2) A 160-acre standard proration unit consisting of the SW/4 of said Section 29 shall be simultaneously dedicated to the above described well and to the applicant's John Etcheverry Jr. Well No. 1 located in Unit L of said Section 29.

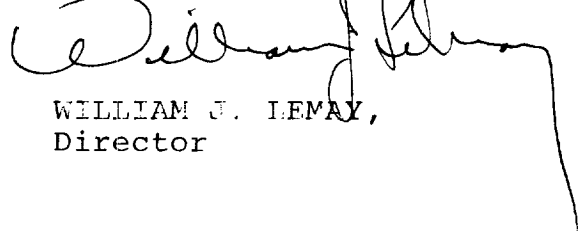
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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* CASE NO. 9105
Order No. P-8418

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 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY,
Director

SEAL