

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. 9969
Order No. R-9238

APPLICATION OF HIXON DEVELOPMENT
COMPANY FOR DOWNHOLE COMMINGLING
AND A NON-STANDARD OIL PRORATION
UNIT, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of July, 1990, 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, Hixon Development Company, seeks approval to commingle oil production from the Undesignated Gavilan-Mancos and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pools within the wellbore of its Evans Well No. 1 located 790 feet from the North and West lines (Unit D) of Section 5, Township 24 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

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(3) The applicant further seeks approval for a 326.44-acre non-standard oil proration unit for both pools comprising Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5.

(4) The subject well was drilled during January, 1990, has been completed in the Gavilan Greenhorn-Graneros-Dakota Oil Pool, and is currently capable of low marginal production only.

(5) Although the subject well has not yet been completed in the Gavilan-Mancos Oil Pool, the evidence presented by the applicant indicates that said pool should also yield marginal production only.

(6) The Gavilan Greenhorn-Graneros-Dakota Oil Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-7745 which require standard oil proration units consisting of 320 acres.

(7) The proposed proration unit is non-standard with respect to the Gavilan Greenhorn-Graneros-Dakota Oil Pool due to a variation in the legal subdivision of the United States Public Land Survey.

(8) The Gavilan-Mancos Oil Pool is also currently governed by Special Rules and Regulations as promulgated by Division Order No. R-7407, as amended, which require standard oil proration units consisting of 640 acres, and a provision allowing the drilling of two wells per standard proration unit.

(9) The evidence presented indicates that the E/2 of said Section 5 has been developed in the Gavilan-Mancos Oil Pool by the Oryx Energy Company Lady Luck Well No. 1 which was drilled in 1985, and is currently a marginally productive well in said pool.

(10) The above-described Lady Luck Well No. 1 was initially and has continued to be developed on a non-standard 320-acre oil proration unit comprising the E/2 of said Section 5.

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(11) The applicant presented as evidence waivers of objection to the proposed commingling and non-standard proration unit from Oryx Energy Company and Mobil Producing Texas & New Mexico Inc., being the only two offset operators.

(12) Approval of the proposed non-standard proration unit and downhole commingling will allow the applicant the opportunity to recover its just and equitable share of the oil in the Gavilan-Mancos Oil Pool, will prevent the drilling of unnecessary wells, will allow the recovery of additional hydrocarbons from the Gavilan Greenhorn-Graneros-Dakota Oil Pool which may otherwise not be recovered, thereby preventing waste, and will protect correlative rights.

(13) The applicant should consult with the supervisor of the Aztec district office of the Division upon completion of the subject well in the Gavilan-Mancos Oil Pool in order to determine the proper allocation of production to each respective pool.

IT IS THEREFORE ORDERED THAT:

(1) A 326.44-acre non-standard oil proration unit in the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools comprising Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5, Township 24 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, is hereby established and dedicated to Hixon Development Company's Evans Well No. 1 located 790 feet from the North and West lines (Unit D) of said Section 5.

(2) The applicant is further authorized to commingle Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Pool production within the wellbore of its Evans Well No. 1 as described above.

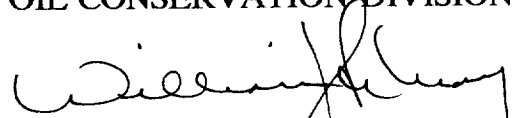
(3) The applicant shall consult with the supervisor of the Aztec district office of the Division upon completion of the subject well in the Gavilan-Mancos Oil Pool in order to determine the proper allocation of production to each respective pool.

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(4) Jurisdiction of this cause 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long, sweeping line extending from the end of the name.

WILLIAM J. LEMAY
Director

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