

Entered April 20, 1984
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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. 8153
Order No. R-7034-A

APPLICATION OF MERRION OIL AND
GAS CORPORATION FOR THE EXTENSION
OF VERTICAL LIMITS, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on April 11, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of April, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Merrion Oil and Gas Corporation, seeks the extension of the vertical limits of the Counselors Gallup Oil Pool to include the Dakota formation in Township 23 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and for the redesignation of this pool as the Counselors Gallup-Dakota Oil Pool.
- (3) That by Order No. R-7034 dated July 28, 1982, the Division created the Counselors-Gallup Oil Pool in Rio Arriba County, New Mexico.
- (4) That said order further established temporary special rules for said pool including provisions for 160-acre oil spacing units.
- (5) That said order also provided that the matter of the special pool rules would be reopened at an examiner hearing during August, 1985, at which time the operators in said pool

are to appear and show cause why it should not be developed on less than 160-acre spacing units.

(6) That the applicant now seeks to extend the vertical limits of said pool to include the Dakota formation.

(7) That the evidence currently available indicates that the Dakota formation may also be efficiently and economically developed in this area on 160-acre spacing units as a part of the vertical limits of said pool.

(8) That the vertical limits of the Counselors-Gallup Oil Pool should be extended to include the Dakota formation and said pool should be redesignated the Counselors Gallup-Dakota Oil Pool.

(9) That Rule 1 of said special pool rules should be amended to reflect this change in pool vertical limits.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Counselors-Gallup Oil Pool are hereby extended to include the Dakota Formation and the pool is redesignated the Counselors Gallup-Dakota Oil Pool.

(2) That the Temporary Special Rules and Regulations for the Counselors-Gallup Oil Pool established under Division Order No. R-7034 are hereafter made applicable to said Counselors Gallup-Dakota Oil Pool.

(3) That Rule 1 of said Temporary Special Pool Rules is hereby amended to read in its entirety as follows:

"RULE 1. Each well completed or recompleted in the Counselors Gallup-Dakota Oil Pool or in the Gallup-Dakota formation within one mile thereof and not nearer to or within the limits of another designated Gallup-Dakota oil pool shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth."

IT IS FURTHER ORDERED:

(1) That, pursuant to Paragraph A of Section 70-2-18, NMSA, 1978 Comp., existing Dakota wells in the Counselors Gallup-Dakota Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have

-3-

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Order No. R-7034-A

non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

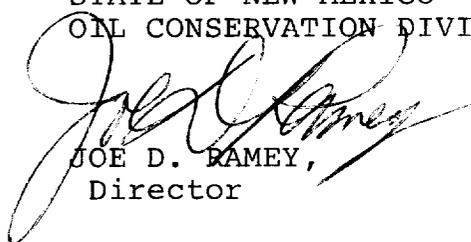
(2) That this case shall be reopened at an examiner hearing during the month of August, 1985, at which time the operators in the Counselors Gallup-Dakota Oil Pool may appear and show cause why said pool should not be developed on less than 160-acre spacing with a depth bracket allowable in accordance with the statewide rules.

(3) That the effective date of this order and the extension of the pool vertical limits contained herein shall be May 1, 1984.

(4) That 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



JOE D. RAMEY,
Director

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