

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

CASE 8685 (REOPENED)  
ORDER NO. R-8090-A

IN THE MATTER OF DIVISION  
CASE NO. 8685 BEING REOPENED  
PURSUANT TO THE PROVISIONS  
OF DIVISION ORDER NO. R-8090,  
WHICH ORDER CREATED AND  
PROMULGATED SPECIAL RULES  
AND REGULATIONS FOR THE  
SOUTH BISTI-GALLUP OIL POOL,  
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION

This cause came on for hearing at 8:15 a.m. on December 2, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of March, 1988, 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) By Division Order No. R-8090, dated December 4, 1985, temporary special rules and regulations were promulgated for the newly created South Bisti-Gallup Oil Pool, San Juan County, New Mexico, establishing, among other things, temporary 80-acre spacing and proration units and well location requirements.

(3) Pursuant to the provisions of said Order No. R-8090, this case was reopened to allow the operators in the subject pool to appear and show cause why the South Bisti-Gallup Oil Pool should not be governed under the Division's General Rules and Regulations and be developed on 40-acre spacing units.

(4) At the December 2, 1987 hearing, the applicant in the original case and the sole active operator in the pool, Dugan Production Corporation, appeared and presented evidence whereby it was established that one well in the South Bisti-Gallup Oil Pool can efficiently and economically drain and develop 80 acres.

(5) The applicant also requested that the standard well location requirements for the subject pool as promulgated by RULE 4 of said Order No. R-8090 which restricts well locations to be within 150 feet of the center of a quarter-quarter section or lot be amended so that a standard well location be no closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(6) Said pool is located approximately 10 to 15 miles from the Chaco Canyon National Park, consequently there are numerous archeological sites within the pool boundary. Bureau of Land Management requirements restrict "well pads" to be 100 feet away from any significant archeological site.

(7) The applicant is requesting a change in the well location requirements to allow greater flexibility in locating wells within this area, thereby alleviating the need for exceptions to the existing rules and regulations.

(8) No interested party appeared and/or objected to this case.

(9) Such an amendment to the well location requirement for the subject pool should be approved.

(10) The Special Rules and Regulations promulgated by said Order No. R-8090, along with said well location requirement amendments, have afforded and will afford to the owner of each property in the pool the opportunity to produce his or her just and equitable share of the oil in the pool.

(11) In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by said Division Order No. R-8090 along with the amendments to the well location requirements in this pool should be made permanent and continued in full force and effect until further order of the Division.

(12) At the time of the hearing the applicant also requested that the name of this pool be changed to the Good Times-Gallup Oil Pool.

(13) Such a change is not based on any nearby geographical locality or place name, and it has been a long standing policy of this agency to name pools in much the same manner that geologic formations in the United States are named (see Gilluly, James. Principles of Geology, 3rd Edition, W.H. Freeman & Company, 1968, pg. 93 and Hedberg, Hollis D. (Editor), International Stratigraphic Guide, John Wiley & Sons, 1976, pg. 40-44.)

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(14) Applicant's request for a name change should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The request of Dugan Production Corporation to rename the South Bisti-Gallup Oil Pool to the Good Time-Gallup Oil Pool is hereby denied.

(2) RULE 4 of the Special Rules and Regulations for the South Bisti-Gallup Oil Pool, San Juan County, New Mexico as promulgated by Division Order No. R-8090, dated December 4, 1985, is hereby amended as follows:

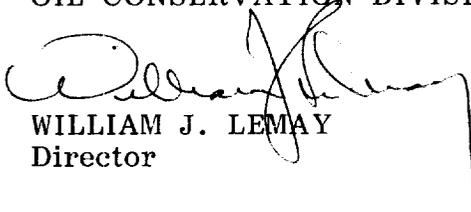
"RULE 4. Each well shall be located no nearer than 330 feet to any quarter-quarter section or subdivision inner boundary."

(3) The Special Rules and Regulations governing the South Bisti-Gallup Oil Pool, San Juan County, New Mexico as promulgated by said Order No. R-8090, along with the amended Rule 4 as described above, are hereby made permanent and continued in full force and effect until further order of the Division.

(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

  
WILLIAM J. LEMAY  
Director

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