

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. 9259
ORDER NO. R-8188-B

APPLICATION OF AMOCO PRODUCTION
COMPANY TO RESCIND RULE 7 OF
DIVISION ORDER NO. R-8188-A,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION

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

NOW, on this 23rd 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) The applicant, Amoco Production Company, seeks to rescind RULE 7 of the Special Rules for the Ojito Gallup-Dakota Oil Pool as promulgated by Division Order No. R-8188-A, dated June 27, 1988.

(3) By said Division Order No. R-8188-A the Ojito Gallup-Dakota Oil Pool, developed on statewide 40-acre spacing, was contracted by the deletion therefrom of Sections 25, 26, 35 and 36, all in Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, and the Northeast Ojito Gallup-Dakota Oil Pool was concomitantly created with the horizontal limits comprising the above-described acreage; also promulgated in said order were Temporary Special Rules including a provision for 160-acre spacing, designated well location requirements and restricted allowables for wells in the southern portion of the newly created pool.

(4) RULE 7 of said Order No. R-8188-A restricts production from wells located in the south halves of said Sections 35 and 36 to no more than the depth bracket allowable for a similar well with 40-acre spacing.

(5) This production-restriction rule was established to provide a "buffer zone" near the boundary separating a pool developed on 40-acre spacing (Ojito Gallup-Dakota) from another pool developed on 160-acre spacing (Northeast Ojito Gallup-Dakota).

(6) By Division Order No. R-8544, dated November 19, 1987 and made effective December 1, 1987, the New Mexico Oil Conservation Commission abolished the Ojito Gallup-Dakota Oil Pool and extended the West Lindrith Gallup-Dakota Oil Pool, developed on 160-acre spacing, to include all that acreage which was abolished from the Ojito Gallup-Dakota Oil Pool.

(7) RULE 7 of R-8188-A is deemed to be unnecessary at this time and should therefore be rescinded.

(8) At the time of the hearing the applicant requested that the effective date of an order issued in the case be December 1, 1987, which corresponds with the effective date of said Order No. R-8544.

(9) An effective date of December 1, 1987 would be in the best interest of conservation and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

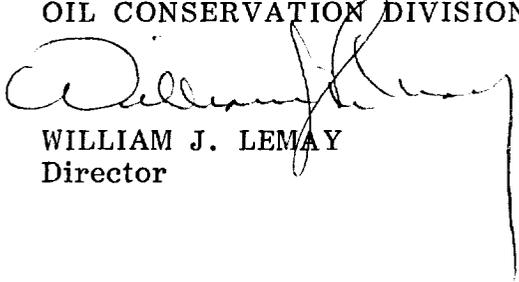
(1) Effective December 1, 1987 RULE 7 of the Special Rules for the Northeast Ojito Gallup-Dakota Oil Pool as promulgated by Division Order No. R-8188-A, dated June 27, 1986 is hereby rescinded.

(2) All other provisions of said Order No. R-8188-A shall remain in full force and effect.

(3) 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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