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February 24, 1984

FEB 24 1984

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

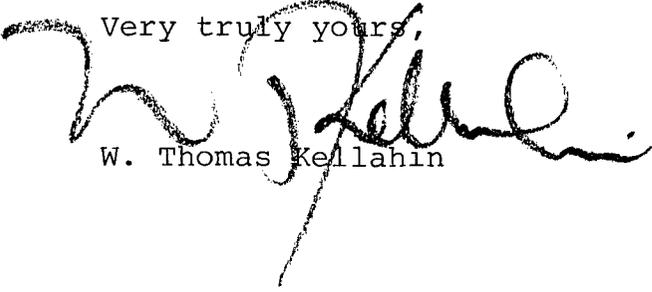
Re: Samuel Gary Oil Producers
NMOCD Case 8030

Dear Mr. Ramey:

On February 2, 1984, the Commission held a hearing on the application of Samuel Gary Oil Producers to consider the creation of a new Mancos Oil Pool in Sandoval County, New Mexico, spaced on 320 acre-spacing. That case was opposed by Champlin which requested 160-acre spacing.

Please find enclosed for your consideration a proposed order that would grant the Samuel Gary Oil Producers' application.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: W. F. Carr, Esq.
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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

FEB 24 1984

IN THE MATTER OF THE APPLICATION
OF SAMUEL GARY OIL PRODUCERS, INC.
FOR THE CREATION OF A RIO PUERCO-
MANCOS POOL, AND FOR THE ADOPTION
OF SPECIAL POOL RULES, INCLUDING
320 ACRE SPACING, SANDOVAL
COUNTY, NEW MEXICO.

RECEIVED

Case 8030
Order R-_____

PROPOSED ORDER SUBMITTED BY
SAMUEL GARY OIL PRODUCERS, INC.

BY THE COMMISSION:

This cause came on for hearing at 9:00 A.M. on February 2, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this ___ day of February, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That in order to provide for the orderly and reasonable development of the Mancos Formation in the Rio Puerco oil field of Sandoval County, New Mexico, the Commission should create a new pool and establish special rules and regulations for said pool.

(3) That the applicant, Samuel Gary Oil Producers, Inc., seeks the creation of the Rio Puerco-Mancos Oil Pool with the horizontal limits as follows:

RIO PUERCO-MANCOS OIL POOL
SANDOVAL COUNTY, NEW MEXICO
TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Sections 6, 7, 18: All

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Section 1 through 4: All
Section 9 through 16: All

(4) That the applicant further seeks the establishment of the vertical limits for the Rio Puerco-Mancos Oil Pool to be the Niobrara member of Mancos formation being defined as an interval 500 feet below the top of the Mancos to 1300 feet below the top of the Mancos with the top of the Mancos being a point 3063 feet as found in Samuel Gary Oil Producers, Inc. San Isidro 14-4 well, Unit D, Section 14, T20N, R3W, NMPM.

(5) That the proposed vertical limits constitute a single and separate common source of supply.

(6) That the applicant proposes the promulgation of temporary Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool, including:

(a) a provision for 320 acre spacing;

(b) the drilling of not more than one well per spacing unit;

(c) The established well locations be in the Southeast and Northwest Quarter of each section with the well located in the center of any one of the 40 acre tracts in the quarter section, with a tolerance allowance of 100' from the center of the quarter quarter section selected for the location.

(d) The 320 acre tracts be either "stand up" or "lay down" for pooling purposes, with the operator whom first commits to drill in a section establishing the pool pattern for that section.

(e) Oil wells drilled on the proposed 320 acre spacing be granted an allowable of 320 BOPD and 160 MCF/D. (GOR of 500, or 150% of the solution gas oil ratio of the reservoir crude oil, based upon actual measurements from bottom hole samples of the reservoir fluid).

In the event that the producing GOR exceeds the known solution GOR by more than 50%, the produced gas from such a well will not exceed 100 MCFD.

(f) If a productive well encounters gas bearing strata only, the well will be tested and then shut in until the operator can establish to the Commission's satisfaction that producing said well will not jeopardize oil recovery from previously defined reservoirs within the proposed spaced area.

(g) That no well shall be drilled in the SE/4 Sec. 10, T20N, R3W, during the temporary period these rules.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too many well, and to otherwise prevent waste and protect correlative rights, temporary Special Rules and Regulations providing for 320 acre spacing units should be promulgated for the Rio Puerco-Mancos Oil Pool.

(8) That the available information provides substantial evidence that one well in the Rio Puerco-Mancos Oil Pool should be capable of effectively and efficiently draining 320 acre spacing unit.

(9) That the said Temporary Special Rules and Regulations should be established for a one-year period in order to allow the operators in the Rio Puerco-Mancos Oil Pool to gather reservoir information to establish whether the temporary rules should be made permanent.

IT IS THEREFORE ORDERED:

(1) That a new pool in Sandoval County, New Mexico, classified as an oil pool for Mancos production is hereby created and designated as the Rio Puerco-Mancos Oil Pool, with the vertical limits comprising the Niobrara member of the Mancos shale and with horizontal limits as follows:

RIO PUERCO-MANCOS OIL POOL
SANDOVAL COUNTY, NEW MEXICO
TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Sections 6, 7, 18: All

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Section 1 through 4: All
Section 9 through 16: All

(2) That the temporary Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
RIO PUERCO-MANCOS OIL POOL

RULE 1. Each well completed or recompleted in the Rio Puerco-Mancos Oil Pool or in a correlative interval within one mile of its boundaries shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. No more than one well shall be completed or recompleted in the Rio Puerco-Mancos Oil Pool on a standard spacing or proration unit consisting of approximately 320 acres which shall comprise a single governmental one-half section, being a legal subdivision of the United States Public Lands Surveys. No non-standard spacing or proration unit shall be authorized except after notice and hearing.

RULE 3. The established well locations be in the Southeast and Northwest Quarter of each section with the well located in the center of any one of the 40 acre tracts in the quarter section, with a tolerance allowance of 100' from the center of the quarter section selected for the location.

RULE 4. The 320 acre tracts be either "stand up" or "lay down" for pooling purposes, with the operator whom first commits to drill in a section establishing the pooling pattern for that section.

RULE 5. Oil wells drilled on the proposed 320 acre spacing be granted an allowable of 320 BOPD and 160 MCF/D. (GOR of 500, or 150% of the solution gas oil ratio of the reservoir crude oil, based upon actual measurements from bottom hole samples of the reservoir fluid).

In the event that the producing GOR exceeds the known solution GOR by more than 50%, the produced gas from such a well will not exceed 100 MCFD.

RULE 6. If a productive well encounters gas bearing strata only, the well will be tested and then shut in until the operator can establish to the Commission's satisfaction that producing said well will not jeopardize oil recovery from previously defined reservoirs within the proposed spaced area.

IT IS FURTHER ORDERED:

(1) That the Special Rules and Regulations promulgated for the Rio Puerco-Mancos Pool shall become effective on the first day of the month following the date of this order.

(2) That the Rio Puerco operators of any existing wells completed in or subject to the Rio Puerco Pool Rules shall amend its spacing and proration units to conform to the 320 acre spacing.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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