



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

May 7, 1984

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Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 8042
ORDER NO. R-7407-A

Applicant:

Northwest Exploration Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR / fd

Copy of order also sent to:

Hobbs OCD	<u> x </u>
Artesia OCD	<u> x </u>
Aztec OCD	<u> x </u>

Other _____

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. 8042
Order No. R-7407-A

APPLICATION OF NORTHWEST EXPLORATION
COMPANY FOR AN EXCEPTION TO ORDER
NO. R-7407 AND FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 18, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of May, 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, Northwest Exploration Company, seeks an exception to Division Order No. R-7407 to allow for simultaneous dedication of their Gavilan Well No. 1 located 930 feet from the North line and 910 feet from the East line of Section 26, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and of their Gavilan Well No. 1-E located 1850 feet from the North line and 990 feet from the West line of said Section 26, to a standard 320-acre Gavilan-Mancos Oil Pool spacing and proration unit comprising the N/2 of said Section 26.

(3) That at the time of the hearing the applicant requested that any such Order issued for simultaneous dedication be effective as of March 1, 1984.

(4) That the applicant further seeks authority to commingle Basin-Dakota production and Gavilan-Mancos oil production within the individual wellbores of the above-described wells.

(5) That said Gavilan Well No. 1, as described in Finding Paragraph No. (2) above, is capable of producing six barrels of oil per day and 89 MCF of gas per day from the Dakota zone and 56 barrels of oil per day and 630 MCF of gas per day from the Gallup zone.

(6) That said Gavilan Well No. 1-E, as described in Finding Paragraph No. (2) above, is perforated in the Gavilan-Mancos Oil Pool (6804 feet to 7366 feet), Undesignated Greenhorn (7653 feet to 7708 feet), and Basin-Dakota Pool (7822 feet to 7918 feet).

(7) That the applicant did not present any reservoir, production, and/or geological data on the Greenhorn interval in their said Gavilan Well No. 1-E.

(8) That RULE 2 of the Temporary Special Rules and Regulations for the Gavilan-Mancos Oil Pool, as promulgated by Division Order No. R-7407, dated December 20, 1983, and became effective March 1, 1984, provides for a restriction requiring that no more than one well be completed or recompleted on a standard 320-acre spacing and proration unit comprising either the N/2, S/2, E/2, or W/2 of a governmental section in the following described area in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Sections 1 through 3: All

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Sections 19 through 30: All
Sections 33 through 36: All

(9) That said special rules are temporary for a period of three years during which the operators in said pool are to gather reservoir information to establish whether or not said temporary rules should be made permanent.

(10) That the proposed downhole commingling would render said Gavilan Well No. 1 and Gavilan Well No. 1-E useless for the purpose of gathering said reservoir data.

(11) That without the data to be gained by the completion and production of Gavilan-Mancos Oil Pool wells as single wells or as isolated zones in dual completions a good sampling of reservoir data cannot be obtained.

(12) That without said information, the Division would not have good reservoir data in said Gavilan-Mancos Oil Pool which would be necessary for the determination of whether or not continuation of said special rules would serve to prevent waste and protect correlative rights.

(13) That to assure that adequate reservoir data is available to make proper determinations as to waste of oil and gas and protection of correlative rights in said Gavilan-Mancos Oil Pool, the downhole commingling portion of this application should be denied pending adoption of permanent rules for said pool.

(14) That no offset operator objected to the proposed simultaneous dedication.

IT IS THEREFORE ORDERED:

(1) That the applicant, Northwest Exploration Company, is hereby granted an exception to Division Order No. R-7407 and is authorized to simultaneously dedicate Gavilan-Mancos Oil Pool production from their Gavilan Well No. 1 located 930 feet from the North line and 910 feet from the East line of Section 26, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and their Gavilan Well No. 1-E located 1850 feet from the North line and 990 feet from the West line of said Section 26, to a standard 320-acre Gavilan-Mancos Oil Pool spacing and proration unit comprising the N/2 of said Section 26.

(2) That the portion of this application seeking to commingle Basin-Dakota production and Gavilan-Mancos oil production within the individual wellbores of the above-described wells is hereby denied.

(3) That this Order is hereby effective as of March 1, 1984.

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

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Case No. 8042

Order No. R-7407-A

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/