

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. 8822 (Reopened)
ORDER NO. R-8188-C

IN THE MATTER OF CASE NO. 8822
BEING REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NO.
R-8188-A, WHICH PROMULGATED
TEMPORARY SPECIAL RULES AND
REGULATIONS FOR THE NORTHEAST
OJITO GALLUP-DAKOTA OIL POOL IN
RIO ARRIBA COUNTY, NEW MEXICO,
INCLUDING A PROVISION FOR 160-
ACRE SPACING UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of July, 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 Order No. R-8188-A, dated March 7, 1986 and issued in Case No. 8822 which was heard DeNovo before the New Mexico Oil Conservation Commission, 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 pool.

(3) By Order No. R-8188-B, dated March 23, 1988, that portion of the Temporary Special Rules for the Northeast Ojito Gallup-Dakota Oil Pool which restricted allowables for wells in the southern portion of

said pool (RULE 7) was rescinded; all other provisions of said Order No. R-8188-A were unaffected.

(4) Pursuant to the provisions of Order No. R-8188-A this case was reopened to allow the operators in the subject pool to appear and show cause why the Northeast Ojito Gallup-Dakota Oil Pool should not be developed on 40-acre spacing units.

(5) Amoco Production Company, operator of wells in the pool and the applicant in original Case No. 8822 (DeNovo), appeared at the hearing and presented evidence and testimony in support of the continuation of the special rules and regulations for the subject pool.

(6) The evidence presented established that one well in the subject pool can efficiently and effectively drain and develop 160 acres.

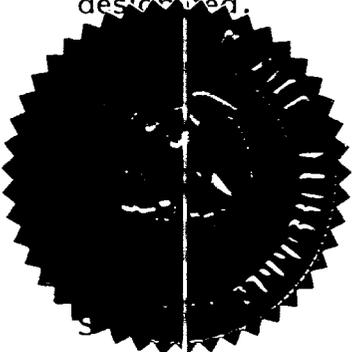
(7) In order to prevent the economic loss caused by the drilling of an excessive number of wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells and to otherwise prevent waste and protect correlative rights, Order No. R-8188-A should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

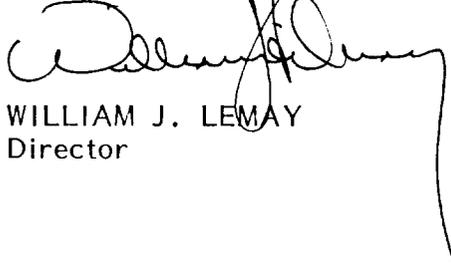
(1) The Special Rules and Regulations governing the Northeast Ojito Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, promulgated by Order No. R-8188-A, as amended, are hereby continued in full force and effect until further order of the Division.

(2) 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