

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF JEROME P. MCHUGH AND ASSOCIATES  
FOR AN AMENDMENT TO THE SPECIAL  
RULES AND REGULATIONS OF THE  
GAVILAN MANCOS OIL POOL TO  
ESTABLISH TEMPORARY SPECIAL PRODUCTION  
ALLOWABLE LIMITATIONS AND GAS-OIL  
RATIO LIMITATIONS FOR THE GAVILAN  
OIL POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.

RECEIVED

JUL 1 1986

OIL CONSERVATION DIVISION

CASE: 8946

APPLICATION OF JEROME P. MCHUGH

Comes now JEROME P. MCHUGH AND ASSOCIATES, by and through their attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for the establishment of a Temporary Gas-Oil Ratio limitation of not more than 1,000 cubic feet of gas for each barrel of oil produced AND an allowable or not more than 200 barrels of oil per day per 320 acre spacing and proration unit for the Gavilan Mancos Oil Pool, Rio Arriba County, New Mexico, OR IN THE ALTERNATIVE a similar production limitation formula that will preserve reservoir energy and prevent waste, and in support thereof would show:

1. Applicant is an operator in the Gavilan Mancos Oil Pool, Rio Arriba County, New Mexico.

2. At the request of the applicant, the Oil Conservation Division entered Division Order R-7407

creating and adopting temporary operating rules for the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico.

3. The current producing wells in the Gavilan-Mancos Oil Pool are allowed to produce at a 2000 to 1 gas-oil ratio established by Statewide Rule 506, and are further authorized to produce at a maximum daily allowable rate of 772 barrels a day, as authorized by statewide Rule 505.

4. Currently available geologic and engineering data demonstrates that the statewide GOR and allowables applied to the Gavilan-Mancos Oil Pool are resulting in the inefficient use of the reservoir energy and are causing waste to occur.

5. That the reservoir characteristics of the subject pool justify the establishment of a temporary gas-oil limitation of 1,000 cubic feet of gas per barrel of oil and a production limitation on allowables of not more than 200 barrels of oil per day per 320 acre spacing unit.

6. That applicant believes that a Gas Oil Ratio of not more than 1,000 and a daily allowable of not more than 200 barrels a day per well is necessary in order to prevent waste, increase ultimate oil recovery, and to preserve reservoir energy.

7. That in order to prevent waste and protect correlative rights immediate action needs to be taken to

reduce the GOR and the production rates on pool wells for a period of not less than 90 days.

8. In accordance with Division Order R-8054 applicant has notified, by regular mail, all operators of wells and each unleased mineral owner within the existing pool boundaries and all operators of wells within one mile of such boundary, all as set forth on Exhibit A attached hereto.

WHEREFORE, applicant requests that the Division set this matter for hearing and that after notice and hearing the Division establish a temporary special 1,000 to 1 GOR and a maximum allowable of 200 barrels of oil per day per 320 acre spacing unit, for the Gavilan Mancos Oil Pool, OR IN THE ALTERNATIVE, a similar production limitation formula that will preserve reservoir energy and prevent waste.

Kellahin & Kellahin

By 

W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, NM 87501

(505) 982-4285

EXHIBIT A

GAVILAN WORKING INTEREST OWNERS  
ADDRESSEE LIST

Amoco Production Company  
1670 Broadway  
P. O. Box 800  
Denver, Colorado 80201  
Attention: Richard Bottjer

ARCO Oil and Gas Company  
Permian District  
P. O. Box 1610  
Midland, Texas 79702  
Attention: T. S. McCorkle

Arriba Co., Ltd.  
P. O. Box 35304  
Tulsa, Oklahoma 74153  
Attention: G. L. Morris

Robert L. Bayless  
P. O. Box 168  
Farmington, New Mexico 87499

Chevron U.S.A.  
P. O. Box 599  
Denver, Colorado 80201  
Attention: Randy Hagood

Warren Clark Trust  
Mabel Reed, Trustee  
P. O. Box 1846  
Austin, Texas 78767

Testamentary Trust under the  
Will of Warren Clark  
Mabel Reed and H. M. Reed, Trustees  
P. O. Box 1846  
Austin, Texas 78767

Carolyn Clark Oatman  
P. O. Box 1846  
Austin, Texas 78767

Conoco Inc.  
P. O. Box 460  
726 East Michigan  
Hobbs, New Mexico 88240  
Attention: Donald W. Johnson

Crestone Energy Corporation  
718 17th Street, Suite 520  
Denver, Colorado 80202  
Attention: Randall C. Thompson

Mr. Jerry K. Debolt  
272 Church Center Road  
McMurray, Pennsylvania 15317

Dugan Production Corp.  
P. O. Box 208  
Farmington, New Mexico 87499  
Attention: Robert G. Stovall

Mr. Steve S. Dunn  
3100 Western  
Farmington, New Mexico 87401

Mr. Ralph Gilliland  
7420 Caruth  
Dallas, Texas 75225

Mrs. Ardis North Hamilton  
141 East South Street  
Worthington, Ohio 43085

Rear Admiral Thomas J. Hamilton  
7580 Caminito Avola  
La Jolla, California 92037

Ms. Janet J. Hewes  
c/o The Johnson Offices  
90 Cricket Avenue  
Ardmore, Pennsylvania 19003

A. G. Hill, Oil Producer  
5000 Thanksgiving Tower  
Dallas, Texas 75201  
Attention: Philip Garner

Hooper, Kimball and Williams, Inc.  
P. O. Box 520970  
Tulsa, Oklahoma 74152  
Attention: George Owens

EXHIBIT A

Gavilan Working Interest Owners  
Addressee Listing  
Page Two

Ibex Partnership  
P. O. Box 911  
Breckenridge, Texas 76024

Mr. Eldridge R. Johnson  
c/o The Johnson Offices  
90 Cricket Avenue  
Ardmore, Pennsylvania 19003

Mr. George F. Johnson  
c/o The Johnson Offices  
90 Cricket Avenue  
Ardmore, Pennsylvania 19003

Kenai Oil and Gas Inc.  
One Barclay Plaza  
1675 Larimer Street, Suite 500  
Denver, Colorado 80202  
Attention: Joseph R. Mazzola

Kindermac Partners  
650 South Cherry Street, Suite 1225  
Denver, Colorado 80222

Koch Exploration  
P. O. Box 2256  
Wichita, Kansas 67201  
Attention: Carl Pomeroy

Mallon Oil Company  
1616 Glenarm Place, Suite 2850  
Denver, Colorado 80202  
Attention: Kevin Fitzgerald

Jerome P. McHugh  
650 South Cherry Street, Suite 1225  
Denver, Colorado 80222

McHugh Lindrith 1982 Ltd. Partnership  
650 South Cherry Street, Suite 1225  
Denver, Colorado 80222

McHugh Lindrith 1983 Ltd. Partnership  
650 South Cherry Street, Suite 1225  
Denver, Colorado 80222

Mr. Horace F. McKay, Jr.  
P. O. Box 14738  
Albuquerque, New Mexico 87191

Meridian Oil Inc.  
P. O. Box 4289  
Farmington, New Mexico 87499-4289  
Attention: Land Department

Mr. J. Gregory Merrion  
P. O. Box 840  
Farmington, New Mexico 87499

Merrion Oil and Gas Corp.  
P. O. Box 840  
Farmington, New Mexico 87499  
Attention: Steve Dunn

Mesa Grande, Ltd.  
1305 Philtower Building  
Tulsa, Oklahoma 74103  
Attention: Larry Sweet

Mesa Grande Resources, Inc.  
1200 Philtower Building  
Tulsa, Oklahoma 74103  
Attention: Gregory Phillips

Mrs. Anne K. Milinovich  
64 Sycamore Street  
Waynesburg, Pennsylvania 15370

Mobil Producing Texas & New Mexico  
P. O. Box 633  
Midland, Texas 79702  
Attention: John Faulhaber

Mountain States Natural Gas Corp.  
P. O. Box 35426  
Tulsa, Oklahoma 74543  
Attention: Jack Blair

PC, Ltd.  
P. O. Box 911  
Breckenridge, Texas 76024

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Gavilan Working Interest Owners  
Addressee Listing  
Page Three

Mr. Paul J. Puglia  
294 West Wayne Street  
Waynesburg, Pennsylvania 15370

W. E. Lang  
P. O. Box 1067  
Farmington, New Mexico 87499

Reading & Bates Petroleum Company  
3200 Mid-Continent Tower  
Tulsa, Oklahoma 74103  
Attention: Eric Koelling

Southern Union Exploration Company  
Texas Federal Building  
Suite 400  
1217 Main Street  
Dallas, Texas 75202

Tenneco Oil Company  
P. O. Box 3249  
Englewood, Colorado 80155  
Attention: George Calstrom

Texaco Oils Inc.  
P. O. Box 2100  
Denver, Colorado 80201  
Attention: Bill Smallwood

True Oil Company  
P. O. Drawer 2360  
Casper, Wyoming 82602  
Attention: Tom Walker

Duer Wagner, Jr.  
2906 Texas American Bank Building  
Fort Worth, Texas 76102

Duer Wagner, III  
2906 Texas American Bank Building  
Fort Worth, Texas 76102

Mr. Hunt Walker  
P. O. Box 2409  
Denver, Colorado 80201-2409

Bob Andes  
P. O. Box 1067  
Farmington, New Mexico 87499

EXHIBIT A

Dunn-Mar Oil and Gas Company  
27 S. College St.  
Washington, Pennsylvania 15301

Northwest Pipeline Corp.  
295 Chipeta Way  
Salt Lake City, Utah 84108

Michael W. Murphy  
200 N. Jefferson, Suite 500  
El Dorado, Arkansas 71730

R. K. O'Connell  
P. O. Box 2003  
Casper, Wyoming 82602

Union Texas Petroleum Corp.  
14001 E. Iliff Ave., Suite 500  
Aurora, Colorado 80014

Benson-Montin-Greer Drilling Corp.  
221 Petroleum Center Building  
Farmington, New Mexico 87401

U. S. Department of the Interior  
Bureau of Land Management  
P. O. Box 6770  
Albuquerque, New Mexico 87197  
Attention: Gary Stephens

Schalk Development Co.  
P. O. Box 25825  
Albuquerque, New Mexico 87125

Edith H. Payne  
1018 Idlewilde Lane S.E.  
Albuquerque, New Mexico 87191

Kodiak Petroleum, Inc.  
American Penn Energy, Inc.  
5700 S. Quebec, #320  
Englewood, Colorado 80111

Allison Beach  
c/o William A. Martin  
430 Mayo Building  
Tulsa, Oklahoma 74103

David Beach  
c/o William A. Martin  
430 Mayo Building  
Tulsa, Oklahoma 74103

Betsey Stone  
c/o William A. Martin  
430 Mayo Building  
Tulsa, Oklahoma 74103

Daniel Beach  
c/o William A. Martin  
430 Mayo Building  
Tulsa, Oklahoma 74103

Priscilla B. Guest  
c/o William A. Martin  
430 Mayo Building  
Tulsa, Oklahoma 74103

Helmerich & Payne, Inc.  
1579 E. 21st St.  
Tulsa, Oklahoma 74114

Forest Oil Corporation  
700 Colorado Federal Building  
821 - 17th Street  
Denver, Colorado 80202

Peter J. McMahon and Grace F. McMahon,  
Trustees under Trust Agreement dated  
December 1, 1981  
320 S. Boston Ave., Suite 1605  
Tulsa, Oklahoma 74103