

BEFORE THE

OIL CONSERVATION COMMISSION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

FEB 26 1987

IN THE MATTER OF THE APPLICATION  
OF MESA GRANDE RESOURCES TO EXTEND  
THE BOUNDARIES OF THE GAVILAN  
MANCOS OIL POOL AND TO CONTRACT THE  
BOUNDARIES OF THE WEST PUERTO  
CHIQUITO MANCOS OIL POOL, RIO  
ARRIBA COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 9114

APPLICATION

Mesa Grande Resources, Inc. through its undersigned attorneys, hereby applies to the New Mexico Oil Conservation Commission for an order extending the pool boundaries of the Gavilan Mancos Oil Pool and contracting the pool boundary of the West Puerto Chiquito Mancos Oil Pool, Rio Arriba County, New Mexico and in support of its application states:

1. Applicant is the owner and operator of substantial interests in the Gavilan Mancos Oil Pool in Rio Arriba, New Mexico.
2. The Oil Conservation Commission by Order R-2565-B which was entered in Case 3455 on November 28, 1966, created the West Puerto Chiquito Mancos Oil Pool in Rio Arriba County, New Mexico.
3. The Oil Conservation Commission by Order R-7407 which was entered in Case 7980 on December 20, 1983, created the Gavilan Mancos Oil Pool and promulgated Temporary Special Pool Rules and Regulations therefor including provision of 320-acre spacing or proration units. Order R-7407 provided that Case 7980 be reopened in 1987 to permit operators in the Gavilan Mancos Oil Pool to appear and set permanent pool rules.

4. The Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool share a common boundary.

5. Recent interference testing data has shown that the Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool, as currently defined, are in communication. Geologic, production and pressure data have demonstrated that the Gavilan Mancos Oil Pool should be extended as shown on Exhibit A attached hereto and that the West Puerto Chiquito Mancos Pool should be contracted as shown on Exhibit B attached hereto to reflect the actual geologic and structural boundaries of the two aforementioned pools. Such data also supports the proposition that the extended Gavilan Mancos Oil Pool produces from one common source of supply.

6. A hearing before the New Mexico Oil Conservation Commission has been tentatively set for March 30, 1987 for the purpose of establishing permanent rules for the Gavilan Mancos Pool. This hearing is the appropriate forum for receiving evidence to determine the merits of this application and to establish permanent rules governing operations within the Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool, particularly along the common boundary separating the two pools.

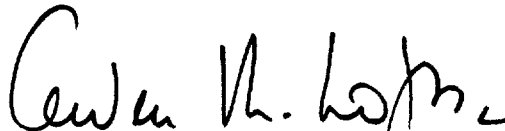
7. The granting of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicants request that this application be set for hearing before the full Oil Conservation Commission and that

it be consolidated for hearing with the other cases scheduled to be heard concerning the Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool on March 30, 1987 and that after notice and hearing as required by law, the Commission enter its order extending the Gavilan Mancos Oil Pool, contracting the West Puerto Chiquito Mancos Oil Pool, and establishing the Permanent Pool Rules for the Gavilan Mancos Oil Pool and amending the Pool Rules of West Puerto Chiquito Mancos Oil Pool, as appropriate, and granting such other and further relief as the Commission deems proper.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY



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EXHIBIT "A"

Acreage to be Included in Proposed Extension of  
Gavilan Mancos Oil Pool

Township 25 North, Range 1 West, N.M.P.M.  
Sections 6, 7, 18, 19, 30 and 31: All

Township 26 North, Range 1 West, N.M.P.M.  
Section 31: All

Township 24 North, Range 2 West, N.M.P.M.  
Sections 4, 13, 14 and 24: All  
Section 5: E/2  
Section 10: E/2

Township 25 North, Range 2 West, N.M.P.M.  
Section 17: E/2  
Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 18: All  
Section 32: E/2

EXHIBIT "B"

Acreage to be deleted in Proposed Contraction of  
West Puerto Chiquito Mancos Oil Pool

Township 25 North, Range 1 West, N.M.P.M.  
Sections 6, 7, 18, 19, 30 and 31: All

Township 26 North, Range 1 West, N.M.P.M.  
Section 31: All