

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8030
Order No. R-7471

APPLICATION OF SAMUEL GARY OIL
PRODUCERS, INC. FOR NEW POOL
CREATION AND SPECIAL POOL RULES,
SANDOVAL COUNTY, NEW MEXICO.

NOMENCLATURE

ORDER OF THE COMMISSION

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 7th day of March, 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 the applicant, Samuel Gary Oil Producers, Inc., seeks an order creating a new oil pool for the Mancos formation with special pool rules including a provision for 320-acre spacing, Sandoval County, New Mexico.

(3) That in companion Case No. 8063, Champlin Petroleum Company seeks an order creating a new oil pool from the Mancos formation, with special pool rules including a provision for 160-acre spacing, Sandoval County, New Mexico.

(4) That Cases 8030 and 8063 were consolidated for the purpose of obtaining testimony.

(5) That the Mancos formation in the area is a fractured reservoir with low porosity and a matrix permeability that should be conducive for wide spacing.

(6) That the oil in the Mancos formation in this area is an under-saturated crude with a solution gas-oil ratio of 340 cubic feet per barrel.

(7) That the reservoir drive mechanism appears to be solution gas drive.

(8) That to ensure maximum efficiency of the solution gas, the limiting gas-oil ratio should be 500 cubic feet per barrel.

(9) That the currently available information indicates that one well in this area should be capable of effectively and efficiently draining 320 acres.

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, and to otherwise prevent waste and protect correlative rights, the Rio Puerco-Mancos Oil Pool should be created with temporary Special Rules providing for 320-acre spacing.

(11) That the vertical limits of the Rio Puerco-Mancos Oil Pool should be the Niobrara member of the Mancos shale with horizontal limits as follows:

TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Sections 6 and 7: All
Section 18: All

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

(12) That the said Temporary Special Rules and Regulations should be established for a two-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:

Case No. 8030
Order No. R-7471

TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Sections 6 and 7: All
Section 18: All

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

(2) That 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 boundary, 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 on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental section.

RULE 3. Each well shall be located no nearer than 660 feet to the outer boundary of the spacing or proration unit, nor nearer than 330 feet to a governmental quarter-quarter section line.

RULE 4. The limiting gas-oil ratio shall be 500 cubic feet per barrel of oil.

RULE 5. A standard proration unit (316 through 324 acres) shall be subject to a 320-acre depth bracket allowable of 320 barrels per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 320 acres.

IT IS FURTHER ORDERED:

(1) That the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool shall become effective April 1, 1984.

(2) That any well presently producing from the Rio Puerco-Mancos Oil Pool which does not have a standard 320-acre proration unit, an approved non-standard proration unit, or which does not

-4-

Case No. 8030
Order No. R-7471

have a pending application for a standard or non-standard proration unit by April 1, 1984, shall be shut-in until a standard or non-standard unit is assigned the well.

(3) That this case shall be reopened at an examiner hearing in April, 1986, at which time the operators in the subject pool should be prepared to appear and show cause why the Rio Puerco-Mancos Oil Pool should not be developed on 40-acre spacing units.

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

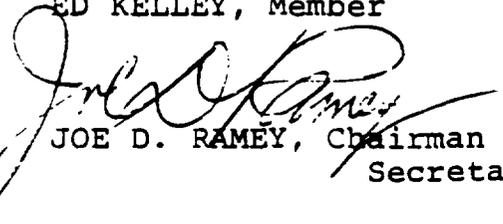
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary

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