

Case No. 9694
Order No. R-8262-A
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(3) Mallon Oil Company, the current operator of the Johnson Federal "12" Well No. 5 appeared at the hearing in support of the proposed development of said Section 12 on a standard 640-acre spacing and proration unit but opposed Oryx Energy Company's proposed costs of participation.

(4) On December 23, 1983, the Division adopted Order R-7407 which established temporary special rules and regulations for the Gavilan-Mancos Oil Pool, effective as of March 1, 1984, including a provision for 320-acre spacing units and provided:

"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 any governmental section."

and further required:

"(2) That any well presently producing from the Gavilan-Mancos Oil Pool which does not have a standard 320-acre proration unit, an approved non-standard proration unit or which does not have a pending application for a hearing for a standard or non-standard proration unit by March, 1984, shall be shut-in until a standard or non-standard unit is assigned to the well."

(5) The record indicates that said Johnson Federal "12" Well No. 5 was completed in the Gavilan-Mancos Oil Pool on October 24, 1985 on a 40-acre oil spacing and proration unit consisting of the SW/4 NW/4 of said Section 12 in accordance with the statewide spacing rules then in effect.

(6) On January 3, 1986, the Division issued its Order R-8063 in Case No. 8713, effective January 1, 1986, extending the horizontal boundary of the Gavilan-Mancos Oil Pool to include the W/2 of said Section 12 among other lands.

(7) By Division Order No. R-8262 entered August 7, 1986, the W/2 of Section 12 was pooled into a spacing unit for the well in accordance with said Order Nos. R-7407 and R-8063.

(8) By Order R-7407-E entered June 8, 1987, the Division amended the Special Rules and Regulations for the Gavilan-Mancos Oil Pool enlarging the standard spacing and proration units within said pool to 640-acres.

(9) By virtue of its being in existence prior to the issuance of said Division Order No. R-7407-E, a 320-acre non-standard oil spacing and proration unit consisting of the W/2 of said Section 12 and dedicated to said Johnson Federal "12" Well No. 5 was approved pursuant to Rule 2(a) of said order.