

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. 8350 (Reopened)
Order No. R-7745-A

IN THE MATTER OF CASE 8350 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF COMMISSION ORDER NO. R-7745, WHICH
ORDER PROMULGATED TEMPORARY SPECIAL
RULES AND REGULATIONS FOR THE GAVILAN
GREENHORN-GRANEROS-DAKOTA OIL POOL IN
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 22, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of September, 1990, 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-7745 dated November 30, 1984, issued in Case No. 8350, the Division, upon application of Jerome P. McHugh, created, defined and promulgated temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool, Rio Arriba County, New Mexico, including a provision for 320-acre spacing and proration units and designated well locations.

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(3) Pursuant to the provisions of said Order No. R-7745, this case was reopened to allow the operators in the subject pool to appear and show cause why the special rules and regulations for said pool should not be rescinded and the pool developed on less than 320-acre spacing.

(4) Pursuant to Order No. R-7745, this case was to be reopened at an examiner hearing in March, 1987, however, due to inadvertence, the reopening of this case was delayed until the present time.

(5) Geologic and engineering evidence presented in original Case No. 8350 indicated that the average well in the Gavilan Greenhorn-Graneros-Dakota Oil Pool would be capable of marginal production only and, being so marginal in nature, would not support the drilling of a well to produce these zones only.

(6) The evidence presented in said Case No. 8350 further indicated that the Gavilan-Mancos Oil Pool is above the Gavilan Greenhorn-Graneros-Dakota Oil Pool and is the pool of primary interest with respect to ultimate recoveries of oil and gas.

(7) The 320-acre spacing within the subject pool was instituted primarily to limit the number of wells drilled through the Mancos formation which would serve to protect said Mancos formation from potential damage during drilling and cementing operations.

(8) No additional evidence was presented in this reopened case; however, a statement by a representative of Oryx Energy Company (Oryx), one of five current operators in the subject pool, was read into the record.

(9) It is the contention of Oryx Energy Company that the circumstances leading to and resulting in the promulgation of special rules and regulations for the subject pool have not changed.

(10) Oryx Energy Company therefore requested that the temporary special rules and regulations for the subject pool remain in effect for an additional two year period.

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(11) No other operator and/or interest owner appeared at the hearing in opposition to Oryx's proposal.

(12) In order to prevent the economic loss caused by the drilling of unnecessary wells, to prevent reduced recovery of hydrocarbons from the Mancos and to otherwise prevent waste and protect correlative rights, the temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool should remain in effect for an additional temporary period of two years.

(13) This case should be reopened at an examiner hearing in September, 1992, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special rules for the Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) The temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool, Rio Arriba County, New Mexico, as promulgated by Division Order No. R-7745, are hereby continued in full force and effect for a period of two years.

(2) This case shall be reopened at an examiner hearing in September, 1992, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special rules for the Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
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WILLIAM J. LEMAY
Director

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