



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

December 7, 1989

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Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9791
ORDER NO. R-9068

Applicant:

Bannon Energy Incorporated

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other Ratricia Matthews

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:

NOMENCLATURE

CASE NO. 9791
ORDER NO. R-9068

APPLICATION OF BANNON ENERGY
INCORPORATED FOR EXTENSION AND
CONTRACTION OF CERTAIN POOLS
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 October 18, 1989 and November 15, 1989, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 7th day of December, 1989, 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) The applicant, Bannon Energy Incorporated, is the owner of certain oil and gas interests in Section 31, Township 24 North, Range 6 West, NMPM, and in Sections 5 and 6, Township 23 North, Range 6 West, NMPM, all in Rio Arriba County, New Mexico.

(3) Within Section 31, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, the Escrito-Gallup Associated Pool comprises the W/2 NE/4 and the Lybrook-Gallup Oil Pool comprises the NE/4 SW/4, S/2 SW/4, and SW/4 SE/4.

(4) Within Sections 5 and 6, Township 23 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, the Counselors Gallup-Dakota Oil Pool comprises the NE/4 of Section 6 and the N/2 of Section 5.

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(5) The applicant at this time seeks the following:

- a) the contraction of the Lybrook-Gallup Oil Pool by the deletion therefrom of the NE/4 SW/4, S/2 SW/4 and SW/4 SE/4 of Section 31, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico;
- b) the contraction of the Counselors Gallup-Dakota Oil Pool by the deletion therefrom of the NE/4 of Section 6 and the N/2 of Section 5, both in Township 23 North, Range 6 West, NMPM, Rio Arriba County, New Mexico; and,
- c) the concurrent extension of the Escrito-Gallup Associated Pool to include therein the E/2 NE/4, NW/4, and S/2 of Section 31, Township 24 North, Range 6 West, NMPM, and the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West, NMPM, all in Rio Arriba County, New Mexico.

(6) The geological evidence presented at the hearing indicates that the reservoir characteristics underlying all of Section 31, Township 24 North, Range 6 West, NMPM, and the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West, NMPM, are more like those of the Escrito-Gallup Associated Pool than those of either the Counselors Gallup-Dakota Oil Pool or Lybrook-Gallup Oil Pool.

(7) In order to protect correlative rights and prevent waste, this application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The Lybrook-Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 31: NE/4 SW/4, S/2 SW/4, and SW/4 SE/4

(2) The Counselors-Gallup Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby contracted by the deletion of the following described area:

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TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 5: N/2
 Section 6: NE/4

(3) The Escrito-Gallup Associated Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 5: N/2
 Section 6: NE/4

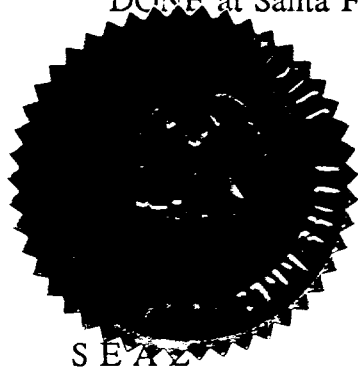
TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 31: E/2 NE/4, NW/4, and S/2

(4) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

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

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



STATE OF NEW MEXICO
 OIL CONSERVATION DIVISION

[Handwritten Signature]
 WILLIAM J. LEMAY
 Director

SEAL