STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8839
Order No. R-7407-C

APPLICATION OF JEROME P. MCHUGH
FOR EXCEPTIONS TO THE SPECIAL
POOL RULES FOR THE GAVILAN-MANCOS
OIL POOL AS PROMULGATED BY DIVISION
ORDER NO. R-7407, RIO ARRIBA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

        This cause came on for hearing at 8:15 a.m. on April 16, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

        NOW, on this 19th day of May, 1986, 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-7407 dated December 20, 1983, the Division created, defined, and promulgated special pool rules for the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico, including a provision for 320-acre well spacing and proration units.

        (3) The applicant, Jerome P. McHugh, seeks approval of two non-standard proration units comprising: all of irregular Section 19, Township 25 North, Range 2 West, consisting of 187.76 acres, to be dedicated to a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of said Section 19; and all of irregular Section 30, Township 25 North, Range 2 West, consisting of 187.88 acres, to be dedicated to a well at an unorthodox

location 1420 feet from the South line and 660 feet from the East line of said Section 30, both in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico.

(4) Said non-standard proration units are necessitated by irregular sections resulting from survey corrections in the United States Public Lands Survey.

(5) The area encompassed by both non-standard proration units may reasonably be presumed to be productive of oil from the Gavilan-Mancos Oil Pool and both can be efficiently and economically drained and developed by the aforesaid wells.

(6) No offset operator appeared and objected to the unorthodox well locations or non-standard proration units.

(7) The allowable assigned to the non-standard proration units described above should bear the same ratio to a standard allowable as the acreage in the non-standard units bears to 320 acres.

(8) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Gavilan-Mancos Oil Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Two non-standard proration units comprising all of irregular Section 19, Township 25 North, Range 2 West, NMPM, consisting of 187.76 acres, and all of irregular Section 30, Township 25 North, Range 2 West, NMPM, consisting of 187.88 acres, are hereby established for the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico.

(2) The applicant is further authorized to drill two wells at unorthodox locations 1980 feet from the South line and 660 feet from the East line of Section 19, and 1420 feet from the South line and 660 feet from the East line of Section 30, both in Township 25 North, Range 2 West, NMPM, Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico.

(3) The allowable assigned to the above-described non-standard proration units shall bear the same ratio to a standard allowable as the acreage in the non-standard units bears to 320 acres.
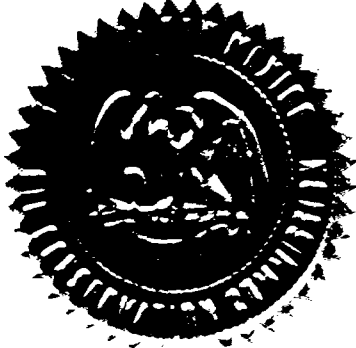
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS
Director

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