

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF GREENWOOD RESOURCES, INC., TO
VACATE AND VOID DIVISION
ORDER R-7482 SAN JUAN COUNTY,
NEW MEXICO.

RECEIVED

JUN - 8 1984

OIL CONSERVATION DIVISION

A P P L I C A T I O N

Case 8255

Comes now GREENWOOD RESOURCES INC., by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Commission for a Hearing to vacate and void Division Order R-7482 and as grounds therefore states:

1. Greenwood Resources Inc. is an affected party in the New Mexico Oil Conservation Division Case 8117 which resulted in Division Order R-7482 being entered on March 29, 1984.

2. That Pursuant to Section 70-2-6 NMSA-1978, the Commission and Division have jurisdiction and authority over all matters relating to the conservation of oil and gas and the oil and gas operations in the State of New Mexico, including the subject property.

3. That pursuant to Division Order R-7482, the Division retained jurisdiction of this cause for the entry of such further orders as the Division may deem necessary.

4. That at all times material hereto, Greenwood Resources has been willing to voluntarily form a standard proration and spacing unit with Slayton Oil Corporation for a well to be drilled in the Cha Cha Gallup Oil Pool in the S/2 NE/4 of Section 18, T29N, R14W, NMPM.

5. That a portion of Greenwood Resources Inc's. interest in this section has been acquired from Slayton Oil Corporation.

6. That Slayton Oil Corporation had knowledge of Greenwood Resources desire to participate in the drilling of the subject well.

7. Despite that knowledge, Slayton Oil Corporation has without actual notice to Greenwood Resources, and in violation of correlative rights, obtained from the New Mexico Oil Conservation Division Order R-7482 creating and approving a non-standard proration unit of 70.57 acres that excludes the Greenwood Resources Inc. acreage from this well.

8. That the exclusion of the Greenwood Resources acreage violates its correlative rights in that it precludes this interest from participating in a well in the Cha Cha Gallup Oil Pool.

9. That the N/2NE/4 of Section 18, T29N, R14W, is a standard 80-acre proration and spacing unit dedicated to the Kirtland Well No. 3 which is operated by Greenwood Resources Inc.

10. That the creation of a 70.57 non-standard proration unit in the S/2NE/4 of said Section 18 leaves a hiatus of 9.43 acres belonging to Greenwood Resources which will not participate in any proration or spacing unit.

11. The 9.43 acre tract is acreage that Greenwood Resources Inc. acquired from Caribou Four Corners Inc. and Slayton Oil Corporation prior to the filing of this case by Slayton Oil Corporation.

12. That the Order R-7482 is defective because it only approves a 70.57 acre non-standard proration unit and fails to address a non-standard spacing unit.

13. That Greenwood Resources Inc. did not have actual notice of this application until about May 21, 1984, after the Order R-7482 was entered.

14. That the notice procedures of the New Mexico Oil Conservation Division violate correlative rights and due process rights of Greenwood Resources Inc. and are therefore unconstitutional.

WHEREFORE GREENWOOD RESOURCES INC. requests that the Commission set this matter for hearing and that after the hearing enter an Order vacating and setting aside Order R-7482.

Kellahin & Kellahin


By _____
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CERTIFICATE OF MAILING

I hereby certify that a true copy of the foregoing was mailed to the below named individual on this 8 day of June, 1984.

Ernest L. Padilla, Esq.
P. O. Box 2523
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W. Thomas Kellahin