

BEFORE THE
OIL CONSERVATION COMMISSION

Sanra Fe, New Mexico

Case No. 8286 Exhibit No. 3

Submitted by Mesa Grande

Hearing Date 9-20-84

SPECIAL RULES AND REGULATIONS
FOR THE
GAVILAN GREENHORN-GRANEROS-DAKOTA OIL POOL

RULE 1. The vertical limits of the Gavilan Greenhorn-Graneros-Dakota Oil Pool shall be from the base of the Gavilan-Mancos Oil Pool, as found at a depth of 7574 feet on the log of the Northwest Exploration Company Gavilan Well No. 1, located in Unit A of Section 26, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, to a point 400 feet below the base of the Greenhorn formation, as found at a depth of 7822 feet on the aforesaid log; the horizontal limits of said pool shall comprise the following described lands in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM

Section 2: All

Section 3: E/2

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 14: W/2

Sections 15 thru 17: All

Section 20: E/2

Sections 21 thru 23: All

Sections 26 thru 28: All

Section 29: E/2

Section 33: E/2

Sections 34 and 35: All

RULE 2. Each well completed or recompleted in the Gavilan Greenhorn-Graneros-Dakota Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 3. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 4. The Division Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the

application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 5. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 6. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 7. A standard proration unit (158 through 162 acres) shall be assigned a depth bracket allowable of 427 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

The allowable assigned to a non-standard unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 8. The limiting gas-oil ratio for the Gavilan Graneros-Greenhorn-Dakota Oil Pool shall be 2000 cubic feet of gas per barrel of oil produced.